

# Nation's Business

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**HOW THE  
NEXT PRESIDENT STANDS  
ON BUSINESS ISSUES**

**A FIRST BOUND COPY**

PAGE 44



**OPERATION  
SHAKEDOWN**

**HOW THEY'RE  
PUTTING THE SQUEEZE  
ON BUSINESS**

PAGE 37





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# Nation's Business

September 1968 Vol. 56 No. 9

Published by the Chamber of Commerce of the United States  
The national federation of organizations representing  
5,000,000 companies and professional and business men  
Washington, D.C.

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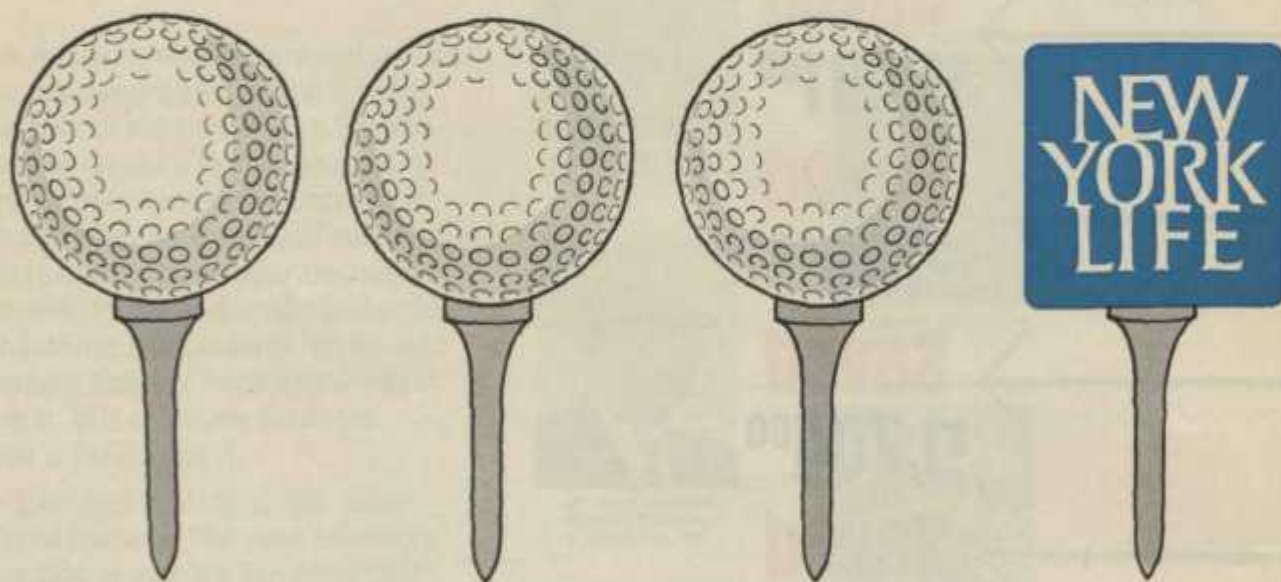


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# WASHINGTON: A LOOK AHEAD

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**Seeds planted** in a deluge of testimony before platform committees of Republican and Democratic parties will sprout long after planks fade from memory.

The message of scores of witnesses representing every major group and bloc in the country was loud and clear: United States must cultivate new solutions for nation's major problems.

Problems aren't new. Inflation, revenue, housing, crime, welfare, the cities, to name a few. But there's evidence now that the next President and the Ninety-first Congress, when it meets in January, will seriously try to concoct some new remedies.

Most groups that testified before platform committees of the two parties are same ones that often appear before Congressional committees considering new laws. They're the ones whose support is vital to nurture many programs.

**The idea of tax incentives** for business to invigorate slum areas, train hard-core unemployed, is almost sure to be tried before serious consideration is given the negative income tax or guaranteed annual income as a way of reshaping welfare programs.

Government as an employer of last resort isn't dead, but it likely will not be pushed until after the business plan is tried.

More and more participation of business and industry in solving problems of cities will continue. Incentives of some kind for risk investment—getting down to man-in-the-street level.

**Look, too, for a major push** to help ghetto dwellers own small business firms. Same idea as home ownership in slums. Pride of ownership considered major psychological point in settling unrest, upgrading blighted areas.

"Self-help" probably could develop into ma-

ior watchword. One hard-headed reason is scarce revenues. Both parties recognize voters are in mood for pruning government spending. Suspicion grows that cost of going the business route will be far less than wholly government-financed programs.

Clear-cut indications are that no matter who wins the White House in November a large issue new Administration will face is how to slice up scarce tax dollar for domestic programs from the nondefense portion of the budget. Especially if slowdown comes in early '69, bringing narrower tax receipts. For this reason the urging of so many varied groups for "new approaches" is apt to be taken seriously.

From testimony of organizations before both platform committees, and from comments of veteran congressmen at the conventions as delegates, some familiar issues will face the next Congress, regardless of who wins Presidency.

**A complete re-study** of government spending programs is almost certain to be instituted. Everybody seems to think a new Hoover-type commission is a good idea.

Chances are the new President will push this because of its popularity. If not, Congress has some ideas of its own, including the plan of House Ways and Means Committee Chairman Wilbur Mills for a spending review commission.

Such a commission would take the steam out of the idea pushed by a number who want a National Priorities Commission to define national goals and needs. This supposedly intrudes on prerogatives of both Executive Branch and Congress.

**One thing sure** to surface in new Congress is call for a quick end to the 10 per cent tax surcharge, especially if unemployment creeps much above four per cent.

A push for review of entire tax structure



## WASHINGTON: A LOOK AHEAD

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seems sure. But before this takes place, suggestions for "redirection of government spending" will be aired.

Big point in this "redirection" is combining of overlapping functions now handled by separate agencies.

Big pitch will be made for alterations in field of health, education, manpower training programs. But prospects are many social programs will continue to be funded heavily. Neither party is soft-pedaling this.

Foreign aid and international trade certainly will come in for attention. It's pretty obvious the heyday of overseas aid programs is long over.

The argument for more East-West trade is heating up.

So is protective tariff issue. Protectionist proposals could turn into one of the hotter items. Mood to guard American industry is building among many groups.

**There will be** sound and fury over farm policies, but major revisions are at least a year away. Look for broad "informational" type hearings to lay the predicate for overhaul. And overhaul is probable if Republicans capture White House and control of Congress.

Labor-management issues could be an active area. Unions still make noise for repeal of section 14(b) of Taft-Hartley law providing right to work.

Unions still call for common situs picketing privileges. Business wants fairer labor laws. Many want labor courts set up to adjudicate differences.

Defense strategy will undoubtedly be cause for tug-of-war between those who want more anti-missile fortifications and those who favor mutual disarmament with the Reds.

**New ideas for** fairer draft law also will spring up in form of legislation in early '69.

Politicos now recognize local and state governments want help but not dictation from fed-

eral government in solving problems. Statements on all sides tend to show growing awareness that administration by local authorities can be a step forward. Prospects for bloc grants still cloudy in many areas, but strings could be loosened.

Health and education will continue to get emphasis, though doubtful if any really revolutionary ideas will be passed into law speedily. Certainly expansion, revision in many areas to be considered.

Medicare is one such field, with new drive to include cost of drugs sure to be pushed.

New look at problems of aging is likely. New study commissions will be named.

Same ploy is apt to surface for "youth," too. Everybody wants to get into the act on problems of this group.

**Mood persists** that something new, something different is needed. It has various catch phrases: "A new burst of national energy," "A new thrust," "Rededication."

Plain fact is Democrats and Republicans alike recognize no one is happy with current state of affairs.

Big quarrel is over achievement more than objectives: how to cure poverty, upgrade education, raise health standards.

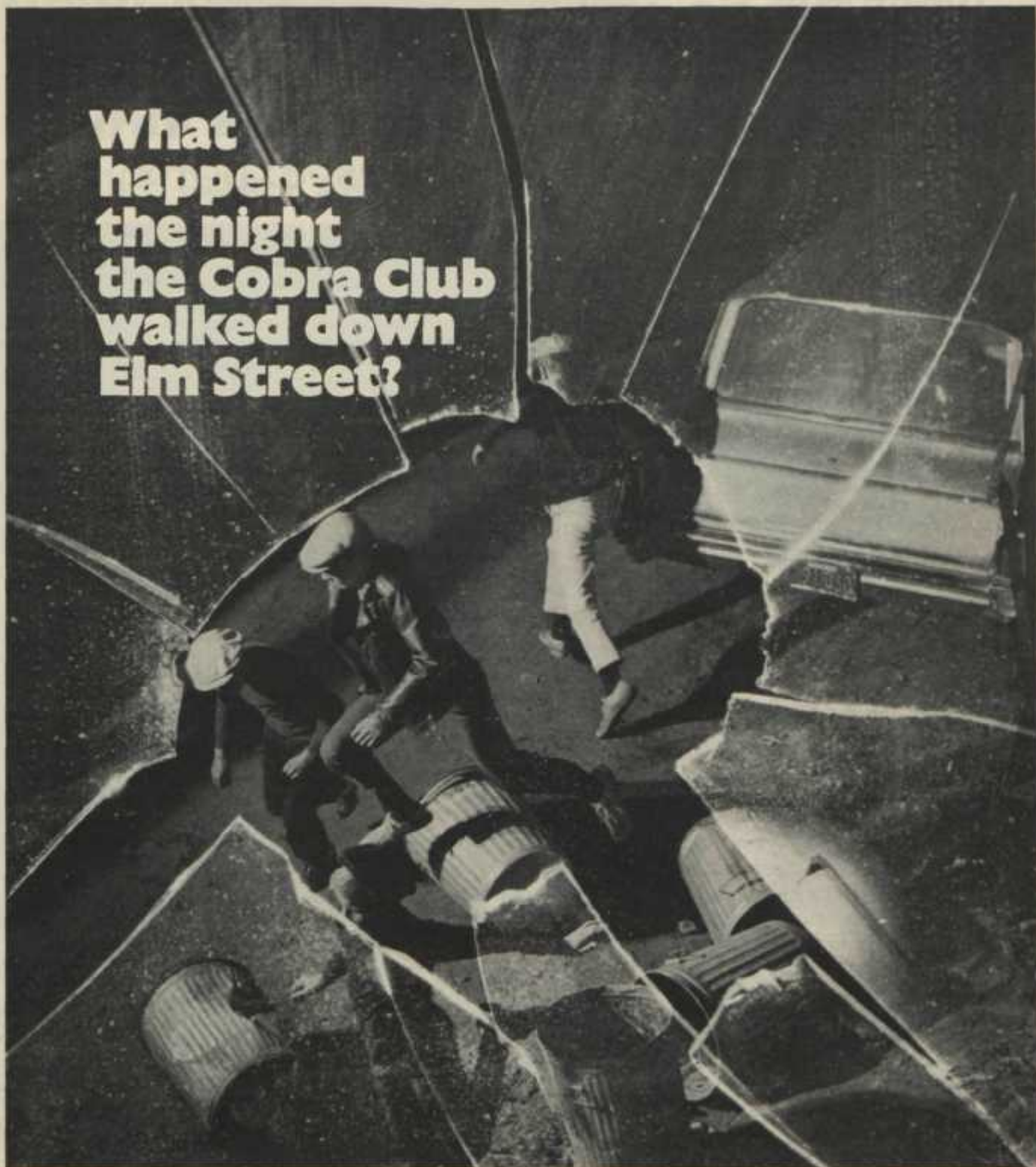
Key to struggle over many proposals will be time element of authorization bills still pending in Congress as it continues fall session. If conference committees settle generally on two years, for instance, big thunder would come in 1970, not next year.

Both parties know events can quickly dictate change in importance of issues. Major public sore spots are easily identifiable, and this is where big legislative drives will be aimed.

**State of the economy** will govern action and chances for most new ideas. But plenty will be resting on the shelf: plans ranging from expanding recreational areas to breaking new ground in urban transit.



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## Business opinion:

# Incentives to boost exports

• According to the Commerce De-  
partment, May was the second  
month this year in which the U.S.  
showed a trade deficit, and the last  
time (March) was the first in five  
years.

Our dwindling trade surplus has  
been the main support of our balance  
of payments.

The only practical, positive and  
prompt solution to this problem is  
to increase exports at a rate faster  
than imports.

A strong and quick-acting stim-  
ulus to exports would result if Con-  
gress were to extend an existing  
type of tax incentive. All foreign  
source income brought home from  
all over the world should qualify  
for the 34 per cent income tax ceil-  
ing which now applies to Western  
Hemisphere trade.

Moreover, all export income and  
repatriated foreign source income  
should be exempt from the new 10  
per cent tax surcharge, the purpose  
of which is to stem the tide of in-  
flation in our domestic economy,  
and thus strengthen the position of  
the dollar abroad. Applied to ex-  
ports it is self-defeating by increas-  
ing the competitive disadvantage of  
the American exporter, and dis-  
couraging prospective new ex-  
porters.

On the other hand, by granting  
these tax incentives, we would in-  
duce many companies to start  
exporting and others to expand ex-

ports. By improving profit poten-  
tial—necessarily the prime concern  
of any responsible businessman—  
tax incentives are inherently more  
effective than exhortations, plead-  
ings and even certain promotional  
spending.

These tax incentives would bring  
new tax revenue to the Treasury  
from increased exports. They  
would encourage bringing home ac-  
cumulations of foreign source ear-  
nings now being held abroad; and  
unlike some commendable export  
expansion programs, they would re-  
quire no new expenditures of the  
taxpayer's money.

J. THEODORE WOLFSON

President  
Business Builders International, Inc.  
Chicago, Ill.

## Misconceptions noted

• In the June issue you summarize  
the regulations to control foreign  
direct investment. Your summary  
is an excellent job of condensing  
very involved regulations. How-  
ever, it implies some common mis-  
conceptions.

The major misconception is that  
the regulations limit investment to  
the 1965-66 level. Actually, the re-  
gulations limit the growth in invest-  
ment as represented by a transfer  
of U. S. assets. The level of invest-  
ment at the beginning of the con-  
trol period is not affected, only  
increases in investment from the  
United States. Nor is there any

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## Business opinion:

attempt to limit growth through foreign financing. The success American business has had in this line speaks for itself.

DONALD G. PERRY

Partner  
Lybrand, Ross Bros. & Montgomery  
Certified Public Accountants  
San Francisco, Calif.

## Importance of free trade

• Upon reading your recent article, "New Plan to Spur International Business," [July] we became more aware as to how free trade is most important to business in general. Your item was very well written and we hope to see more about it.

J. NORMAN PHILION

Joanna Western Mills Co.  
Detroit, Mich.

## Making it hard to vote

• I read with interest Felix Morley's article [July] on the potential revamping of the Constitution.

As one of those who voted against the proposed new constitution in Maryland recently, I would like to offer some thoughts.

Most Maryland voters, I believe, wanted the new constitution in part and possibly would have accepted most of the revisions proposed had they been offered piecemeal. But in this state where the majority are Democrats politically, but nevertheless philosophically conservative, snap revisions (such as lowering the voting age to 19 and taking away certain powers from local subdivisions) could not be tolerated.

Better we remain under a constitution whose faults and shortcomings we recognize rather than be made to accept needed improvements under a largely irresponsible piece of legislation.

JAMES M. DUNN III  
Baltimore, Md.

## Personal approach

• Your August, 1968, issue was the best you have ever printed. It had a personal, more human approach than any other you have had.

I was particularly impressed with your article concerning ways to help the chronically unemployed, and the one describing the problems U. S. business will meet in the near and far future.

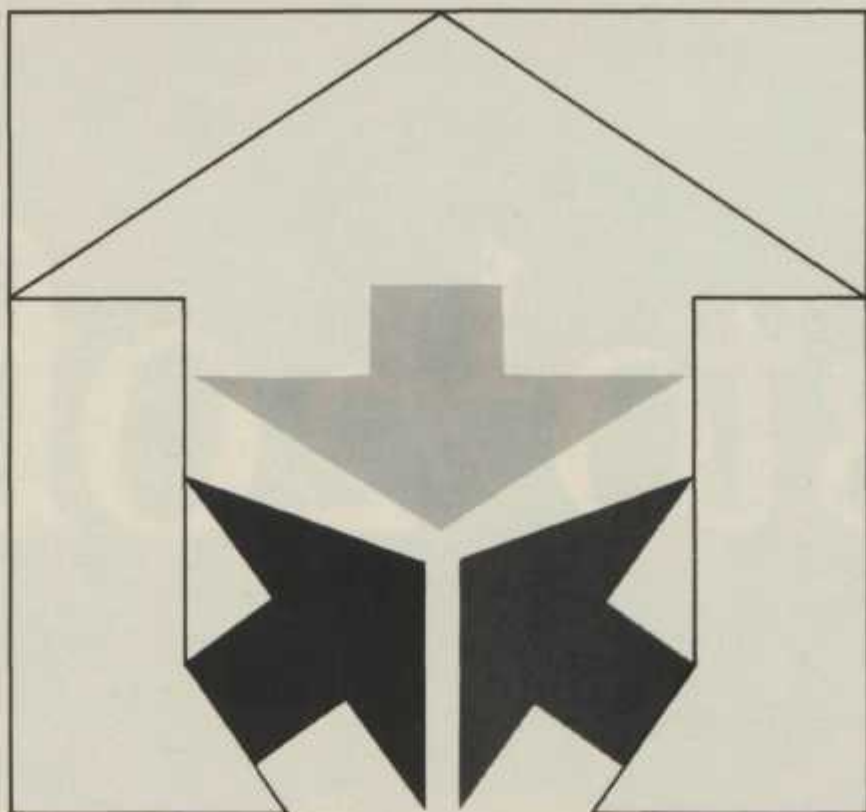
Keep up the good work.

JOHN G. HRONOPULOS  
Enid Restaurant Supply Co.  
Enid, Okla.

## Sorry about that

• Your exciting story in the August issue, "Rise of the New





## level with yourself

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## Business opinion:

Cities," has one important (to us) error. Outlines read "Booming Industry Plaza at Clear Lake City, Texas, typifies features of new towns that are being built by business." This should read, "Booming Industry Plaza at Nassau Bay, Texas, typifies etc."

Just for the record, Clear Lake City has an attractive industrial plaza but the one illustrated is at incomparable Nassau Bay.

W. K. LAUGHLIN  
Vice President  
Glenn Advertising, Inc.  
Houston, Texas

### Why mail service is bad

• The news media recently has carried many unfavorable comments regarding the Postal Service.

For more than 35 years I was employed by the Postal Transportation Service, the last twelve years as foreman on one of the largest mobile units in the southeastern United States, the Nashville and Atlanta route.

Up to and until Jesse Donaldson (1947-1953) became Postmaster-General the postal service was the most efficient organization in the world. He removed the officials of our branch of the service and replaced them with postal inspectors or ex-inspectors, men with no practical knowledge of the workings of the service, and our organization was absorbed by the regional offices. The movement of mail by rail was the cheapest and most efficient method of moving the mail. First class mail and newspapers could be delivered by rail within a radius of 600 miles from Atlanta within 24 hours.

Only first class mail and newspapers were distributed enroute, other mail not having a time value was distributed in stationary units, such as third and fourth class mail.

I believe the following suggestions would improve the service:

1. Have each employee now employed take a competitive examination.
2. Restore the Service Rating system, a system of merits and demerits to show the clerk's worth to the service.
3. Place the mail back on the trains, subsidize the railroad companies if necessary; it would be less than the subsidies now paid to the air lines and other forms of transportation of the mails.

JOHN D. EDGE  
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Calhoun, Ga.

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# Executive Trends

- When Election Day comes
- How to get good engineers
- Is image important?

## If you care who runs the country

Every Election Day, 1.3 million Americans are on the road.

Many are businessmen. Most of them, except for the few voting by absentee ballots, will have no voice in the local or national contests. Yet, their votes could decide many races.

For example, Richard Nixon lost

the Presidency in 1960 by fewer than 125,000 votes. Elmer Anderson was defeated for governor of Minnesota, in 1962, by 91 votes out of 1,246,904 cast.

And in 1966, 44 Congressmen won their seats by a margin of five per cent or less.

Got a choice for '68?

If you won't be home Nov. 5, you can use an absentee ballot.

Since absentee voting rules vary

from state to state, better contact your state or county supervisor of elections for information about application forms and deadlines.

## They follow the leader

Looking for a good engineer?

Then ask your best engineer to recommend a few of his friends.

It may sound like an old-fashioned way to recruit. Or risk cronyism. But it's an almost surefire way to get a good man.

Stanford Research Institute made a five-year study (recently summarized by the Engineering Manpower Commission) of the slide-rule set. SRI found it has very marked migratory habits. Engineers tend to move mainly from south to north, east to west and from small towns to big cities.

They also play follow the leader.

About half the engineers said they applied at a firm because a friend suggested it. Better yet, fewer who come to work for that reason seem to quit later.

And birds of a feather flock together.

So SRI suggests that you get your best engineer's friends for an interview.

## How the mutual funds are faring

Big, as well as little, investors are shining up to the mutual funds. For example, pension fund managers for small- and medium-sized corporations are putting more of their cash into mutual shares, the Investment Co. Institute reports.

Today, institutions have about \$6 billion invested in mutual funds. That's about 13 per cent of all fund assets.

What's the reason?

"Because the mutuals have built up a solid record of capital appreciation in good times and bad," says Bruce B. Robe, ICI executive vice president.

"For example, in the last 10 years, the Dow Jones Industrial Average has gained 165 per cent," he adds, "while the composite average of 122 mutual fund shares is up almost 200 per cent."

Sometimes, of course, performance—especially short-term—can be misleading. In the first six months of 1968, these 10 funds

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## EXECUTIVE TRENDS

*continued*

made the most rapid growth, Kalb Voorhis & Co.'s computer shows:

ASSETS IN MILLIONS	PER CENT INCREASE
\$11.2 Insurance Investors	32.6
\$ 2.3 Crown Western-Dallas	25.5
\$ 1.7 First Participating	23.3
\$ 1.5 International Investors	21.5
\$83.0 Century Shares	21.2
\$ 4.7 Templeton Growth	21.2
\$ 5.2 Mutual Shares	19.5
\$81.5 Life Insurance Investors	18.1
\$80.0 Capital Life Insurance and Growth	17.4
\$ 2.3 Ivy Fund	17.2

Of the top 10, only two were among the top 25 for growth in 1967 (Crown Western-Dallas and Ivy Fund), and none was among the top 25 for 1965. Five of the 10 specialize in insurance stocks—recent darlings of Wall Street.

"Mutual fund investments are really meant for the long haul," Kalb Voorhis points out. "Investment decisions made on the basis of short-term performance are often ill-advised."

### Why your image is important

"It's as good as money in the bank," one authority says.

Why?

"Because your corporation's image affects what its stock will bring on the market," Glenn R. Miller, vice president, Walston & Co., says. "And if its shares sell for a high multiple of earnings, it's easier for the firm to grow and acquire others."

"Also, it protects the company against being gobbled up by raiders."

"Today," he adds, "any management that holds less than 50 per cent of its company's stock, has a poor earnings record and stock selling at a low multiple had better beware."

"It's ripe for a take-over."

### Less paper —more sales

"Wow," one salesman explodes, "another report! What do they want, a salesman or a writer?"

He may have a valid gripe, the Research Institute of America, Inc., says. A sales manager can load the troops down with too much paper work. Here are some ways RIA urges to cut down the traffic through your In box—and boost sales:

- Scrap all reports not worth the effort. Take a good, hard look at every report at least once every six



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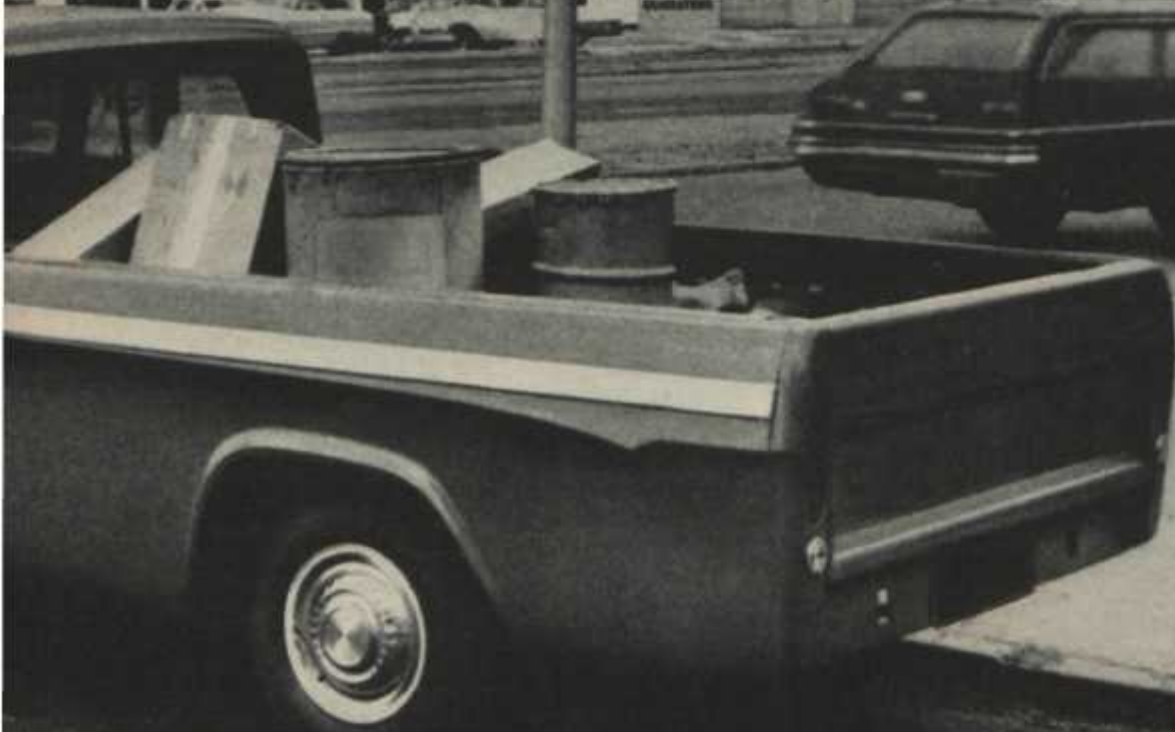
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## EXECUTIVE TRENDS

*continued*

months to weed out the expendable, simplify the essential.

- Put as many as you can on a "when needed" basis. Some information you need regularly, some rarely. Check with your controller, treasurer or office manager to see what reports disclose significant trends.
- Limit reports to the few facts that are "different." Skip the tons of data that add up to "no change." This leaves you with significant facts.

But in reports you must have, insist on interpretation, not just raw data. For example, make the salesman provide percentage comparisons with target figures, or with last year's sales.

### Are you paid enough?

Overworked, underpaid and unappreciated?

If you feel that you are, you have lots of high-level company. Daniel D. Howard Associates, Inc., Chicago management consultants, polled chief executives and found:

- One out of four felt they're not paid enough and see too little personal return for their efforts.
- Four out of 10 believe they work longer hours than they should. (Average: 53 hours a week in the office, 10 at home.)

At least, that's what presidents or board chairmen of firms in the \$1 million to \$5 million yearly sales bracket say.

It's different in the upper strata.

Chief executives of firms in the \$25 million and up class all said they consider themselves well paid, the survey revealed. Also much less overworked and more satisfied with results.

### For employees you're about to retire

They may ask you:

What will I do with all my time?

How can I make my money stretch far enough to make both ends meet?

These are questions your employees are most likely to ask as they near retirement age. Some queries are tough to answer. But "The New Guide to Happy Retirement" (\$6.50, Crown Publishers, Inc., New York) answers a lot of them.

Might be a handy reference book, if you're in personnel. Or a good one to recommend to employees who are on the brink of 65.



# UNCLE SAM AND THE NUTTY SOLUTION



CRAWFORD - RALPH ROBINSON

Now Uncle Sam has jabbed his finger into the family peanut butter jar.

This culinary intrusion actually began a while back. The Food and Drug Administration first published a "proposed rulemaking . . . to establish a definition and standard of identity for peanut butter" in 1959. The agency said it was acting on consumer complaints that there were too few peanuts in peanut butter and too much other materials. FDA said at the time it "became aware of a trend by some manufacturers to reduce the peanut content of peanut butter."

FDA considered, weighed and pondered a federal peanut butter standard for six years. Then in 1965 it held formal hearings on the subject. Those hearings ran to 7,800 pages before, on July 24, 1968, FDA produced a rule saying that a one-pound jar of peanut butter must be at least 90 per cent peanuts and 10 per cent or less other materials like sugar, salt, stabilizers and emulsifiers. The FDA order also would ban artificial flavoring, color

additives and preservatives in peanut butter.

FDA gave the industry 90 days to comply or appeal. The Peanut Butter Manufacturers Association has consistently argued that a federal peanut butter standard was unreasonable and unnecessary.

No estimate is available on how much the peanut butter case cost taxpayers during this nine-year period.

FDA explains the length of the investigation and hearings by contending that any regulatory body has the obligation to hear each and every person who wants to speak. And FDA reminds that peanut butter is big business.

More than one billion pounds of peanuts are grown each year in the United States. Most of them go into peanut butter. Each year, statistics show, the average American consumes—mostly on white bread slathered with jelly—5.6 pounds of peanut butter.

As the FDA noted in publishing its proposed rule, "Three government agencies—Agriculture, Defense

and Veterans Administration—purchase approximately 47 million pounds of peanut butter a year," too.

FDA's rationale for the 90-10 peanut butter ratio is that it "will promote honesty and fair dealing in the interest of consumers."

FDA also notes that as recently as 1941 "old fashioned peanut butter" was the predominant type sold. This was the variety in which the oil separated from other peanut materials, so users had to stir the butter into a uniform mixture before eating.

"Old fashioned peanut butter" also stuck like glue to the roof of the mouth.

In recent years, peanut butter makers, however, added so-called texturizers and emulsifiers to make their product more palatable. And some of these ingredients added to the peanut butter are the very things that improved the product and make it less likely to stick like glue to the roof of your mouth. Some people are wondering if it isn't the taxpayer who's getting stuck. **END**





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# What it lacks in pay it makes up in prestige

BY PETER LISAGOR

Most Americans cherish two common if contradictory conceptions about the Presidency: 1, that every mother's son can become President, and 2, that a man has to be slightly daffy to aspire to an office that has become intolerably burdensome.

Neither is true, of course, although a superficial case can be made for both.

No President has yet resigned because the job was more than he bargained for, none has suffered from ulcers and there is no record of any who genuinely regretted his fate.

Even today, when the nation appears in a state of perpetual crisis, there has been no dearth of aspirants. The myth that the job seeks the man has long since been discredited; the men on the ballot in November will have struggled and schemed, cajoled, argued and promised without stint, for the honor and glory, such as they are, of assuming the burdens of the office.

Few Presidents have shouldered as many problems as Lyndon B. Johnson, and yet, even in his moments of maximum self-pity, he has not cursed his destiny. He has liked being President, and once flatly admitted it to a visitor.

• • •

Mr. Johnson also has been moved to reject the notion that the frustrations, pressures and challenges of the Presidency are too much for one human being to bear. He has talked about the opportunities for him to take an afternoon nap for a couple of hours, to swim in the White House pool or bowl across the street in the Executive Office Building basement or at the Presidential retreat at Camp David in the nearby Maryland hills.

When he travels aboard the big 707 jet aircraft, he has a comfortable bunk in which to relax or sleep; he doesn't have to fret about the things that cause tension in ordinary travelers, riding herd on the bag-



gage, worrying about whether he will be pressed and presentable when he arrives. Valets and aides carry his coat and hat, and he never has to worry about leaving objects behind. And always at his elbow is a doctor, who knows his medical history. He rarely has to walk more than a few yards, for helicopters and limousines are forever available to take him quickly to his destination.

• • •

The idea that the Presidency is physically destructive—or imposes mental burdens that shorten the life of its occupant—is highly questionable. In fact, historian Thomas A. Bailey has noted that Presidents have outlived their wives by nearly a two-to-one margin, and in four cases have survived second wives.

In an appendix of his book, "Presidential Greatness," Bailey takes to task some of the alarmists' views of the man-killing aspects of the White House. He concedes that we haven't yet had enough experience to make sweeping conclusions, but the statistics now available throw into doubt the widespread belief that being President necessarily does a man in. For

*Mr. Lisagor is the White House correspondent for The Chicago Daily News.*



## TRENDS: WASHINGTON MOOD

example, more Presidents who died natural deaths have outlived their Vice Presidents by a wide margin. Only three Presidents have died in office as against seven Vice Presidents. Presidents have tended to live longer than their chief rival in the opposing party (e.g., Eisenhower vs. Stevenson), and judging on the basis of the front-runner on the first ballot of a convention that nominated an eventual winner of the Presidency, as many Presidents have outlived their major challenger as did not.

By an almost two-to-one margin, the Presidents have lived beyond the average age of their two parents, a statistic rendered somewhat dubious by the fact that the life expectancy has increased in modern times. But the heredity factor is a strong one, as Bailey illustrates, in the case of Harry Truman and Dwight Eisenhower. Truman's mother died at 94; Eisenhower's mother lived to 84, his father to 79. Truman is now 84, Ike is 78.

Bailey was intrigued in his study by the fact that two of the most overweight Presidents, Grover Cleveland (260 pounds) and William Howard Taft (350 pounds), overcame the judgment that obesity shortens a man's life by living to rather ripe old ages: Cleveland, 71, and Taft, 72.

The belief that exercise prolongs life didn't apply to the two Roosevelts. The supercharged, active Theodore lived only to 60, while Franklin D. Roosevelt, a polio victim at 39 who spent much of the rest of his life in a wheelchair (though he swam a great deal) lived three years longer than his cousin.

Bailey also found examples to challenge the supposition that a man who works too much and exercises too little imperils his life. He cites the fact that Herbert Hoover, a prodigious worker in a period of great crisis, reached 90, while his predecessor, Calvin Coolidge, lived at a casual pace, taking frequent naps and exercising infrequently on an electric horse, died at 60, a dozen years less than his life expectancy at the time he was inaugurated.

In the early days of the Republic, when the stresses of the Presidency were far less intense than today, the first eight Chief Executives lived into their late 60's, 70's and 80's (John Adams was 90 years old, plus 297 days, when he died, the record for a President to this day), at a time when life expectancy at birth was in the 30's.

Bailey attributes this to "the luck of the draw," as he does the fact that somewhat frailer men made it to the White House in the early 1920's, including Wilson, Harding and Coolidge. Theodore Roosevelt was such a sickly child, Bailey says, with a historian's detachment, that he "probably would have been put to death as an infant in ancient Sparta."

In sum, though the data may be inadequate to make an ironclad case against the "lethal nature" of the Presidency, Bailey believes the evidence is impressive and observes that "The manager of a

Chinese laundry can kill himself if he does not take time out for proper food, rest, relaxation and medical care."

The greater danger to a President is the threat of assassination, which has been dramatized to the point of trauma in the death of John F. Kennedy in 1963 and the recent murder of his brother, Robert F. Kennedy, while engaged in a campaign for the Presidency.

Four Presidents have been fatally shot—Lincoln, Garfield, McKinley and Kennedy—and at least as many have been the targets of would-be assassins. Rutherford B. Hayes and Franklin D. Roosevelt had close calls, Lincoln had his stovepipe hat shot off before he was ultimately assassinated by John Wilkes Booth, Jackson was spared when an assailant's pistols failed to fire at point-blank range and Truman experienced an assassination attempt by Puerto Rican nationalists.

Notwithstanding these hazards, the Presidency is clearly not the "death sentence" that many have claimed. Jefferson's "splendid misery" may still be the most appropriate description for it; but even that has not discouraged those who, for a variety of motives, yearn for the job. The taste for power is a human condition, and in men who have chosen to make a career of politics, why not strive for the pinnacle?

None would argue that life in the White House is something of a picnic. In a thermonuclear age, in an era of divisiveness and discontent, not to say orneriness, the weight of the President's burdens is demonstrably massive. But to take Mr. Johnson's word for it, the job is more than just tolerable. It has a special relish; it lifts a man above his peers; it stimulates and exalts even as it may depress and sadden. The pay is not bad (a special commission is now studying the possibility of recommending a raise from the present \$100,000 a year level), the perquisites are substantial. And from the historical evidence, it doesn't break a man's back.

• • •

In any case, the nominees will try to miss no tricks in their effort to win the big prize. After an autumn of campaigning, with little rest, little relaxation, endless travel, demands, promises, uncertainties, frustrations, the White House itself may seem, for a mercifully brief time, to be a rest haven.

Then the stretching process will begin—for every man is stretched in the White House. The office not only dignifies the man, but it taps unsuspected resources. It also reveals the defects, the weaknesses, as well as the strengths.

There is no real training manual for a President. No matter how experienced in politics or administration, he gets on-the-job training in the White House. He can learn from history, but he is prone to make his own mistakes. The man who spends the night of Jan. 21, 1969, in the Executive Mansion—his first as President—will take his place in a rare, select, not always glorious, circle. And while his sleep may be troubled, he can be assured that ambition has been served and satisfied to the ultimate.





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# The primary responsibility of our next President

BY FELIX MORLEY

One prediction about the next Administration can be made with confidence, regardless of the election outcome. Whoever the next President, he will have to concentrate on the domestic problems that have been piling up. Foreign policy will play second fiddle.

But that does not mean that the nation will, or can, revert to an isolationist philosophy. The fate of all of us, like that of the dollar, continues to be deeply involved in world affairs. We are remembering, however, that charity begins at home.

In the recent words of George F. Kennan, who has proved himself as one of the most farsighted of American diplomats: "Our problems are of enormous profundity . . . a nation in such a state of internal disarray . . . cannot afford the luxury of extravagant excursions, whether of altruism or of military adventure, into the world beyond its borders; it has no choice but to prune its external involvements to the bone."

Which recalls the wise though all but forgotten advice given Americans by George Washington in his Farewell Address. As he phrased it: "Why quit our own to stand upon foreign ground?"

• • •

The necessary concentration on our own issues—social, financial and economic—is made easier by the similar problems of rival governments. The chaos in China, according to all reports, has materially affected the military aid that country has sought to give to North Viet Nam. Much more publicized has been the virtual revolt of Czechoslovakia against the Kremlin, forcing the Russian rulers to agonizing compromises between letting the Soviet bloc disintegrate, or liquidating Czech nationalism by that military coercion that so seldom brings long-range success.

Nor is it only the major antagonists—the United States and the splintered communist world—that are faced with serious discontent and disaffection at home.

*Dr. Morley is a Pulitzer Prize-winning former newspaper editor and college president.*



PHOTO: HENRI BEAUCHE-BLACK STAR

*Former career diplomat George Kennan thinks U.S. must "prune its external involvements to the bone."*

The urgency of Britain's domestic problems has all but forced that once imperial power off the world stage. In France, De Gaulle remains in office, but largely because he has abandoned visionary dreaming to concentrate on grave internal difficulties heretofore neglected. Italy, under a caretaker government, has all it can do to keep its own house in order. West Germany and Japan also ask only for orderly markets which will sustain their remarkable recovery from the disasters of the last great war.

This concentration on domestic problems absorbs the energies of every kind of government, dictatorial and democratic alike. And in every case it therefore subdues that type of leadership which enjoys an adventurous foreign policy. We see this clearly here, where the fantastic waste of Viet Nam makes it increasingly difficult to find funds for the urgent needs of our cities. The need for tranquility must be equally obvious in Russia, where the enormous military outlay prevents people from obtaining conveniences that more fortunate Americans long since came to regard as necessities.

In the universality of the reaction against adven-



## TRENDS: STATE OF THE NATION

turism there is an over-all advantage. An active foreign policy is, from its very nature, certain to seem aggressive to a rival country. When the Russians sent missiles to Castro's Cuba it was regarded here as a menace to our security. The Russian reaction was identical when we established military bases in Turkey, close to the Soviet border, and used them for purposes of espionage. The greater the rivalry, the deeper the suspicions aroused by such actions, even though what one nation seeks to gain may seem to it merely a defensive measure.

Correspondingly, a downgrading of activism, so long as the concessions involved are not all one-sided, is likely to mean reduction of international tensions, which today is perforce a common objective of almost all governments. Just as escalation on one side leads to escalation on the other, so any act of restraint should make it easier for the other fellow to follow suit. Unfortunately, this does not always happen. Hitler used the Munich Pact to forward and not to moderate his ambitions. But what Hitler did to Germany is itself evidence that arrogance in foreign policy is as shortsighted as in any other human endeavor.

Moreover, almost everyone today knows that all constructive accomplishment is hampered by the worldwide smog of belligerency. It is realization of this which has made President Johnson press hard for better relations with Russia. And this in turn seems to be bringing a measure of reciprocal goodwill from the Russian people, if not their rulers.

A case in point is the impressive argument for Soviet-American cooperation addressed to his fellow Russians by the scientist Andrei Sakharov and printed in translation by *The New York Times* on July 22. Apparently without fear of reprisal Dr. Sakharov condemns the interventionism of his own government as sharply as he criticizes American "imperialism."

• • •

It must not be thought that foreign policy will be less important, after the coming election, because it is likely to be less ambitious. On the contrary its conduct will be more demanding, if less extravagant and exhausting, than ever before.

Our diplomacy, certainly, cannot be blamed for American involvement in the two great wars of this century. Both were of European origin and into both the United States was slowly and reluctantly drawn to finish what we had not started.

But if immune from blame we are also devoid of diplomatic credit in these sad pages of history. Both our physical power and our friendship for all the belligerents might well have served to prevent the first, if not the second, of these universal disasters. Failing to avert war we were sucked into it. That proved the inadequacy of isolationism. It also demonstrated the importance of a foreign policy continuously and intelligently directed to the prevention, not the promotion, of war.

With Pearl Harbor the objective of our foreign pol-

icy necessarily became the military defeat of our enemies, and its direction therefore passed from the hands of the State Department to the Pentagon. Unfortunately the former has not yet recovered real control. This is made all too clear by leading foreign service officers in recent important books, such as Robert Murphy's "Diplomat Among Warriors" and George Kennan's "Memoirs." In the words of Mr. Kennan: "The virtual elimination of the State Department as a factor in policy-making during the war, in favor of the military, carried over into the postwar period..."

It is essential, if we are to solve the complex of critical domestic problems, that our world outlook should be less passionate and more practical in the period ahead. But it cannot and should not be passive. Truly professional direction of foreign policy is vital to the defense and promotion of our far-flung interests and therefore should be completely restored to those who are trained and experienced in the diplomatic field. Fortunately we are not without the highly capable foreign service officers for whom a free hand is needed.

• • •

It follows that a primary responsibility of the next President will be to choose as his Secretary of State one who is not only a qualified specialist but who also has demonstrated character strong enough to exercise the full prerogative of that office in policy-making. Most decidedly this should not be a political appointment, for diplomacy is a national and not a partisan undertaking. No draft board is interested in the politics of the boys who are called up in hundreds of thousands when foreign policy fails.

Precisely because the President is necessarily partisan there should be no trace of political bias in his chief adviser on our relations with other countries. This should be emphasized the more strongly at a time when politics is naturally, and properly, in the forefront of our national thinking.

The "Memoirs" of George F. Kennan is a depressing book because it reveals how this former head of the State Department's Policy Planning staff was virtually forced to resign by political considerations which, in the upshot, have proved to be shortsighted to the verge of disaster. And the modesty of the author, who consistently plays down the credit which is his due, adds strength to the warning that he voices. Still in his early sixties this experienced ambassador is not yet too old to be considered for our next Secretary of State.

Certainly he is of a type that should not be overlooked in filling that office.

Because of its intolerable expense, if for no other reason, the Cold War concept must in the long run give way to an earnest effort for peaceful co-existence. This means that our foreign policy should henceforth be less costly, in lives, in money and in frustrations, than it has been since 1945.

But it also means that foreign policy must be more professionally, more intelligently and less deceptively directed. To insure this outcome will be the most crucial fundamental choice that our next President must immediately make.





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# Was the struggle worth the cost?

BY ALDEN H. SYPHER

LONDON—At Runnymede just outside this city 753 years ago, King John was forced to sign the Magna Charta, perhaps man's greatest step toward personal freedom.

Today in London the National Farmers' Union demands a new Egg Board with greater powers to protect its members from foreign competition, and the Government puts additional charges on Italian refrigerators because too many Englishmen are choosing to buy them.

This is a city where a visitor sees such slogans as "Britain is Great" so often he wonders why the question is raised so frequently, and so publicly.

It is the capital city of a nation that realizes, now that the empire is gone, that their only natural resource is people. And people are leaving by the tens of thousands.

Here labor is so short the Government advertises in subway car cards for people "from 15 to 59" to start as trainees in the telephone system.

And a pretty young mother pausing for tea during a shopping afternoon says: "We're migrating. We want our two boys to grow up in a young country. They'll have so much more opportunity. But it will be months before we can go. There's such a backlog."

A running electric sign flashes across Piccadilly Circus every few moments: "Australia—Gateway to a New Life—Australian Migration Office—Inquire Australia House Strand."

From here in Admiralty Arch came the direction of the fleet when Great Britain ruled the waves. Now the nearby Foreign Office receives word that England's ambassador to Jordan has been turned out of the British-owned embassy because 21-year-old Crown Prince Hassan has chosen it for his residence.

Not far from Admiralty Arch Lord Nelson, in stone, looks down from his high pedestal on Trafalgar, the square named to honor his and England's greatest naval victory.

He sees it crowded with bearded, barefoot boys,

*Mr. Sypher, a lifelong journalist, is the former editor and publisher of NATION'S BUSINESS.*

many with hair to their shoulders, or longer. It is as dirty as their feet. Their girls have matching charms. Lord Nelson must wonder if the battle was worth its cost.

This is the home of the London bobby, famed for his encyclopedic knowledge, his polite, concise answers. An example: "I haven't the faintest idea, sir. I never use the buses."

At Buckingham Palace, the home of the Queen, bandsmen in scarlet coats and bear-skin hats play for the changing of the guard, which they outnumber 10 to one. What do they play? On this day it's "There's Nothing Like a Dame," "Tea for Two," and other old musical comedy favorites. The music seems particularly appropriate.

Here more stores than not have notices in their windows of "Staff Vacancies," and municipal buses carry ads on their sides for drivers offering \$48 a week after one year, plus overtime opportunities that might enable the driver to make a living, a circumvention of pay scales widely practiced throughout Britain.

Here every man dreams of himself as a country squire, and so many traveling Englishmen take their dogs along that the inns are more or less kennels with some accommodations for people.

This is the headquarters city of a paradoxical industrial system in which a visitor may be shown with pride a machine that has been in constant use since 1890, and where Rolls-Royce won a competitive contract to power an American air bus.

Here management damns labor for restrictive practices. Labor damns management for a lack of know-how.

Government damns both for wanting more pay.

It is widely concluded that British management and labor deserve each other.

• • •

Into this system, Americans have become the largest foreign investor. They seem to be doing much better than the British.

Americans own outright or control 1,600 manu-



## TRENDS: RIGHT OR WRONG

facturing firms here whose assets total more than \$4 billion.

One in 17 British workers is employed by a United States-owned or controlled company. American firms account for 17 per cent of British exports to the dollar area.

Earnings on American investment in Britain are 51 per cent greater than those of British companies, according to the latest figures available, and economists say there is not much reason to believe this ratio has changed much since the 1961-64 study.

Between 1957 and 1964 the Americans increased sales 80 per cent while sales of all manufacturing firms in Britain were rising by 23.

In the last year computed they made 56 per cent more profit on sales than their British competitors.

Why? The only apparent difference is in management.

The figures suggest the British not only have much to learn from Americans, but that their hope for national survival lies in how quickly and well they learn.

While this may not be admitted, or even believed, in British board rooms, the performance does not particularly endear us to our British cousins. Our faults are more apparent than our virtues. There's a feeling that if England suffers we've no right to escape the same pain—that if England must devalue, why must those upstarts across the Atlantic not do the same?

This is not official policy. But it's public thinking. *The Times* of London long has been regarded as a more or less accurate reflection of conservative thought here. Recently *The Times* took a look at us down its long, thin nose and said:

"It has been widely suggested that the dollar may be overvalued by 10 or 15 per cent in relation to some of the continental European currencies.

"If so, one way to adjust the position is to upvalue European currencies. Another way is to devalue the dollar. This however, could not happen without a change in United States gold policy.

"The United States authorities would have either to increase the official gold price or to abandon formally any fixed link with gold. Which choice the United States authorities would make and what the outcome might be are complex questions.

"The fact is that pressure on the United States government to take one of these two steps is bound to increase the longer the American liquidity position goes on worsening."

While this was being published the liquidity position in Britain, already devalued, was worsening.

Fiscal irresponsibility is not the only American fault apparent here. *The Times* almost managed a rheumatic jig in its glee in reporting:

"The news that Boeing has decided to go back to the drawing board with its supersonic transport, the

2707, has given a valuable time bonus to the men who are building Concorde at the British Aircraft Corporation works here.

"BAC's engineers say that they did the American's sums for them years ago and concluded that in the present state of the aerodynamic and jet propulsion art it is impossible to do what their colleagues in Seattle proposed..."

Meanwhile the British go on flying their world-wide air routes with planes built by those same Seattle colleagues, and overlooking the fact that the Concorde, a joint French-British Government venture into supersonic flight, was scheduled to fly last Feb. 28, but hasn't made it off the ground yet.

Even the troubled dreams of British shipowners are blamed on American policy. *The Times* discovered a Russian threat to break into the Australian shipping trade, and reported:

"Fear of Russian intervention on world trade routes has been a recurrent nightmare with western shipowners ever since the rapid expansion of the Soviet fleet began shortly after the Cuban crisis.

"It follows the ill-judged American embargo on ships trading with Soviet bloc countries."

While it was busy interpreting the dreams of shipowners, *The Times* overlooked the point that Britain has paid little, if any, attention to the American embargo. In fact, Britain leads the blacklist of ships supplying our enemies.

• • •

Despite what appear to some outside technical experts as mounting economic problems, many qualified observers expect Britain to pull through her present difficulties within the next year or two.

But pull through to what?

The empire whose riches gave these isles their heyday is gone forever.

The grandeur that was built from 1860 to 1910 is left. It includes half of Britain's hospitals, many of its schools and other public buildings and far too much of its industrial plant.

Britain produces only half the food it requires—and New Zealand, halfway around the world, under-sells locally produced lamb, butter and cheese in stores throughout the British Isles.

The only natural resource Britain has left is her people.

One estimate is that 40 per cent of her trained people are leaving England.

Despite an immense increase in immigration from India, Pakistan and Ceylon, 10,000 more people left the United Kingdom than entered it in the last quarter of last year.

Now the British are talking about developing their only natural resource in the only way possible—through education.

Their performance so far:

Fewer than one sixth as many English are in higher education as in America, as a percentage of population.

Also fewer than in the Soviet Union or West Germany.

They just about match France.



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**Don Schollander won 4 gold medals at the 1964 Olympics.**

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When he swam in the Tokyo Games, Don set three Olympic records. (The 100- and 400-meter free style, and the 800-meter free-style relay.)

A year ago, he set the world's record for the 200-meter free style.

He's earned the chance to compete at his very best in the 1968 Olympics. But he might not be able to. Because this year the Olympic Games are being held in Mexico City. And that's a different ball park.

Mexico City is a mile-and-a-half above sea level. The air is thin. And has a lot less oxygen than most of us are used to. That means even swimming a leisurely lap across a pool can have

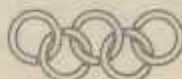
you panting. And, sometimes, before becoming acclimated, just walking across the hotel lobby to the dining room can leave you winded.

So just imagine how tough it will be to swim in four or five events at top speed.

To give every athlete a chance to become acclimated to the high altitude and lack of oxygen, the International Olympic Committee is allowing all the teams to train longer at high altitudes. Which means more money is needed to give Don Schollander and the rest of our team the time they need to get ready.

Our team is citizen-supported. So the money\* can only come from you... citizen.

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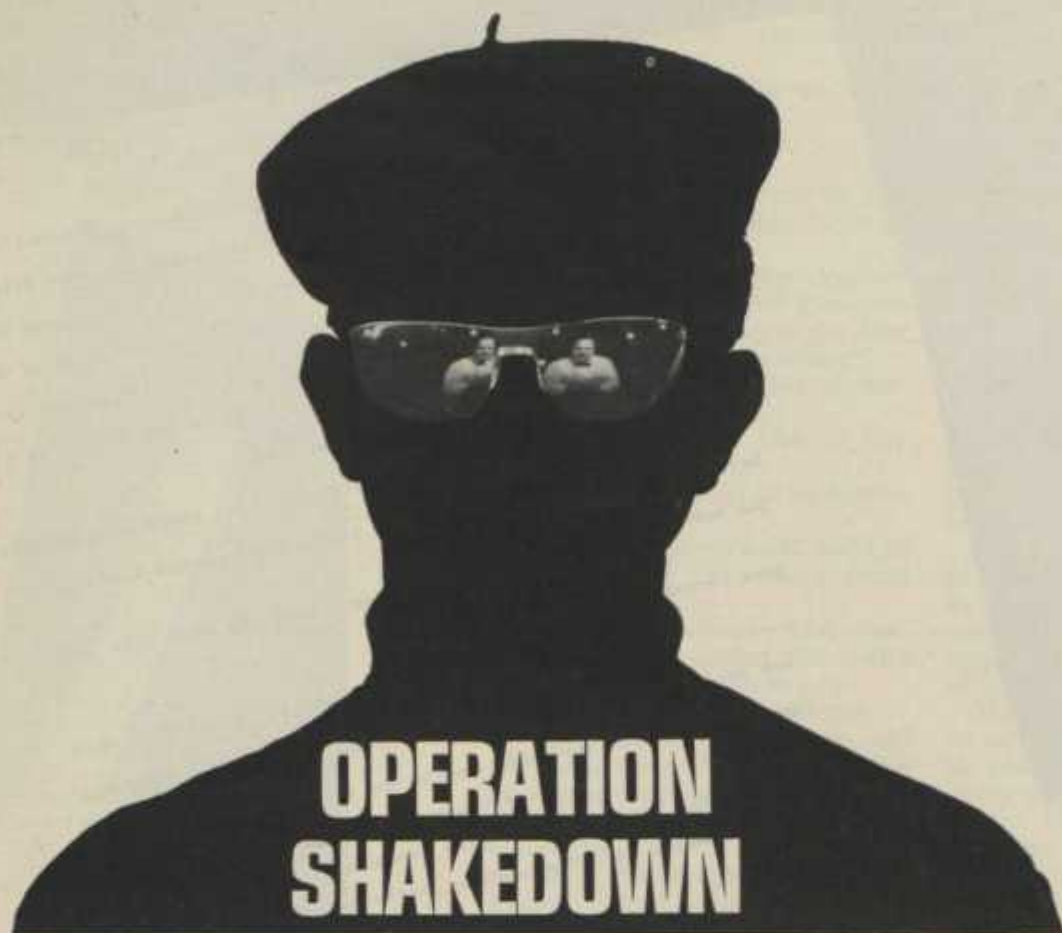
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**America doesn't send its team to the Olympics, but Americans do.**





## How they're putting the squeeze on business

In New York, a delicatessen owner was pistol-whipped because he refused to buy a \$50 picture of Dr. Martin Luther King to put in his window.

In Chicago, a Southside barber-shop was set afire because the owner refused to put up bond money for a neighborhood punk.

In Detroit, a small independent grocer was told to sell his store—"or else."

"Gimme or you burn tonight, baby!" That's the language of the ghetto. But its chilling message is being heard in business districts all over America today.

In small towns, in big towns, the message is the same. Neither businessmen, who are the victims, nor police who are trying to protect them, will tell the whole story. Fear has put the lid on.

It is a new kind of fear for America, the land of brotherhood. It's fear generated from the outbreak of racial strife. Fear of the black

strong-armed hoodlum who orders the local merchant to pay up "or else."

A nationwide survey by NATION'S BUSINESS editors found that apprehension, anxiety and fear run deep in the commercial community of the country.

"Scare White . . . . and you've got it made."

And, scared he is.

It reaches a peak for the white merchant in a ghetto area.

He fears being burned out, fears bodily harm, fears a bomb in the car, fears for the wife and kids.

He fears that the courts are too lenient, and he fears he can't get insured again.

Even outside the ghetto sections, businessmen are anxious, Negro as well as white.

"I think the most pressing problem, not only with the businessman, with the employee, with everybody, is that everybody I hear about is scared.

"This isn't the America we know and not the America we want to leave to our children."

This statement, on the condition that his name and type of business not be used by NATION'S BUSINESS, was made by a jittery Washington merchant whose small shop is within a few blocks of the White House.

Shakedowns were so prevalent in the nation's capital, Congress several months ago sped through a new extortion law for the District.

The menacing presence of violence makes many a merchant an ideal target for shakedown artists. Obviously all sorts of extortion still exist as they have for centuries. But the extortionist who trades on racial violence today is typically a black hoodlum who is selling a picture of Rev. Dr. Martin Luther King, a hastily scrawled blotting of "Soul Brother" or the simple sign, "Friend." Respectable Negroes and supporters of civil rights causes are resentful and hurt by the shake-



Dear Senator

I have just read this item in the newspaper about the Gangs on the South of are city. I live and run a business in this neighbor for thirty years. We are terrified by these gangs. If I don't pay them a hundred dollars a week, I will out of business after years of work. Why don't I report this thing too the police, because my family is in danger of body harm. We take the children too school in a car to make sure no body harm come too them.

Senator ask the Rev. Braiser how come these gang members have expensive cars and dress fit to kill. Carry pocket money in a the hundred of dollars. I

Oh yes we didn't have any riot this last time because we pay for protection.

Ask him how these people on the West Side had hundred of dollars on their personal. The Rangers came too the west side and pay these people too start the riots.

It is these sub sister and editorial writer that encourage these gangs to take advantage of us people. The police are handy cap. They scream police brutally. If they stop this gang.

The people in this neighbor would sell tomorrow but they know no one will take over as they know what is going on. Maybe Mrs Martin is braver than all of us she has nerve to come forward and try to protect her son's.

I can't understand how the religious people who say this committe are not fair. When they are trying find out what our tax dollars are going for. The Newspaper and Radio scream too the high heaven if the government is spending money. But they don't care how it is spend if the poor people are paying.

PROGRAMS

Who is finance the burden of the expenses  
WE THE OWNERS ARE BEING BLACK MAILED

JUL 16 1968



## OPERATION SHAKEDOWN *continued*

down activities. Sometimes the shakedown is blunt. Sometimes it is subtle.

Listen to the experiences of one big city store owner.

### **How they work**

"We received threats and we also received requests," he told NATION'S BUSINESS.

"I was standing in the doorway of my store one day and these two Negro males walked up to the door and said, 'Are you the manager?'"

"I said, 'Yes,' and the darker-skinned one says:

"Well, would you like to buy some protection?"

"I said, 'What kind of protection do I need?'"

"He said, 'The plywood could be kicked in and your store could burn.'"

The owner was braver than some. He immediately called the police and the shakedown artists left.

This was not the only instance.

"Two Negroes, one female and one male, came in and wanted me to give a donation to SNCC, the Student Non-violent Coordinating Committee, and I said I felt I shouldn't give a donation to an organization that I felt destroyed my store."

"They left in a huff," the merchant said.

"Another time," he said, "a youngster came around selling pictures of Martin Luther King at \$1.25 a picture, 10 for \$10, and would I be interested. I said, 'No, we don't sell any pictures in the store,' and he said, 'Well, I think it would be a good idea if you bought them.'"

When the merchant again declined, the youth fondled a brown manila folder and fled the store, shouting obscenities as he left.

On still another occasion a young girl demanded a donation for a local project.

When the merchant, unique in his bravado, again refused, she declared:

"This foddamn place is going to burn, too."

### **Needed: protection**

Sen. Robert Byrd of West Virginia has extracted "confidential" testimony from dozens of frightened merchants. Here are samples of

what worries them, revealed to NATION'S BUSINESS:

Mr. A: "Lack of police protection, and the lack and utter disrespect for law and order."

Mr. B: "I think the most pressing problem, not only with the businessman, (but) with the employee, (is) I am scared and everybody is scared. We have a country of fear."

Mr. C: "I find if I had to go to work now, mentally I just can't do it. I am not up to it."

Mr. D: "The most serious thing is we cannot get help. The next most serious problem is fear."

Mr. E: "Protection, it is the main thing we need today. Any businessman needs protection against the hoodlums on the street."

Mr. F: "My immediate problem at this moment would be the need for protection . . . so that I can operate my business and give the necessary feeling of security to all of my employees."

Mrs. G: "The fact that I have no protection, no police protection, no protection at all. I feel no security in my business."

Mrs. H: "You have no protection here. If they [the police] tried to protect you, they are not given backing from anyone."

Mr. I: "The police seem to be handcuffed."

Mr. J: "The hoodlums in the streets . . . come into the stores and demand merchandise without money. They come in in groups using threatening language, very abusive language, such as, 'I'll bust your mouth.'"

Mr. K: "I feel that the government has failed in its obligations to its citizens."

Mr. L: "The most important problem we have right now is the problem of controlling the youths who harass our business."

All, under prodding, conceded that they had received threats to sell out, pay extortion—or "burn baby, burn."

They said they received phone calls from "all kinds of groups" including the Student Non-violent Coordinating Committee (SNCC), Congress on Racial Equality (CORE), the NAACP and other organizations.

"I am a member of the NAACP," a white store owner told NATION'S

*One of scores of letters received by Senators from frightened extortion-hounded merchants.*



## OPERATION SHAKEDOWN *continued*

BUSINESS. "I had to be—or else."  
"What do you mean by that?"  
he was asked.

"Well, to be in good with them. I am in the neighborhood and they expect everyone in the neighborhood to belong."

This merchant also claims he pays for "protection."

Dudley Williams, executive secretary of the NAACP's Washington branch, declared, "We just don't go around intimidating people to join the NAACP. Membership is a voluntary thing."

He added that there have been reports that gangs have been "literally frightening to death" merchants but emphasized that the reported shakedown attempts were in no way connected with the NAACP.

CORE's community relations director, Kermit J. Scott, told NATION'S BUSINESS: "We don't solicit in that fashion and we certainly aren't shaking down anybody. I recommend that any businessman approached in this manner contact me and CORE will check out the solicitor at our expense."

Efforts to contact SNCC officials were unsuccessful.

Even threats and the cost of protection money don't scare the die-hard merchants away.

### Chicago's Blackstone Rangers

The Blackstone Rangers gang provides a classic case.

Reports of an expanded extortion racket against small merchants by members of the Blackstone Rangers first came to the attention of Chicago police a day after the April 6 and 7 riots in the wake of the assassination of Rev. Dr. Martin Luther King.

Police said they learned that the protection racket was organized by top gang leaders who used the disorders to charge higher fees and recruit additional merchants.

Frightened businessmen reportedly paid up to \$100 for a hastily lettered sign from the gang warning looters that the premises were protected by the gang's "top 21," its ruling echelon.

The placards in the store windows read: "Do NOT touch—Black P. Stones—Jeff." According to police sources, the name Jeff apparently refers to Jeffrey Fort, 20, a leader of the Rangers. P is for power and "Stones" is a shortened name for the gang.

One policeman, assigned to the



Jeff Fort, a leader of tough Blackstone Rangers street gang in Chicago, refuses to answer charges of Senate permanent investigation committee.

Grand Crossing district, a hotbed of the extortion racket, said that he saw a check in the amount of \$50 which had been written by a merchant and made payable to the Blackstone Rangers.

The merchant reportedly told the policeman that the merchants don't complain to police for fear of having their shops burned out. A grand jury action to get panicky merchants to testify on the record about extortionists is now contemplated by Chicago officials.

Leaders of two Southside businessmen's organizations reported that they know of a number of merchants who were solicited for protection money after the riots.

Marshall Stern, president of the Woodlawn Businessmen's Association, says the merchants told him that the extortionists identified themselves as members of the Blackstone Rangers.

"I believe it was whatever the traffic would bear," he replied, when asked about the size of the payoff.

Two new developments have solidified earlier police reports of the extortion racket among gangs in Chicago.

Police recently charged Allen Randolph, 19, with extorting \$25 from Ira Cohn, owner of a clothing store in the Southside Negro community. Mr. Cohn told police he gave the money, in marked bills, to young Randolph after a man, identified as George Walker, told Cohn to "kick in" toward making bail money for David Barksdale, leader

of the notorious Disciples. Barksdale, however, was not in jail.

When young Randolph walked into Mr. Cohn's store and reportedly asked for the "package" for Mr. Walker, he was arrested by detectives.

On the same day, Perry Green, owner of a Southside Chicago barbershop, signed a complaint against a man known as George Walker, who told him Barksdale was in jail and that he was expected to kick in for bail. Mr. Green refused.

His business was almost burned down two nights later when someone placed a flaming gasoline can at his front door.

Sen. John L. McClellan's permanent investigations subcommittee held hearings on the activities of the Blackstone Rangers gang and their support by the federal anti-poverty office this summer. During the hearings the subcommittee received hundreds of letters from businessmen from all over the country complaining about shakedowns.

### Negro merchants suffer, too

Certainly white merchants are not the sole target of extortionists and burners. Some black merchants have also suffered.

The owner of a burned-out, three-store appliance chain corroborated the letters with this typical story. He told NATION'S BUSINESS:

"These two Negroes walked into my store and ordered \$7 or \$8 of merchandise and put it in the bag—and you know that expression—



they started out with the bag. I tried to stop them and I never heard such obscenity in my life.

"If you get the police on these kids, they get so mean it makes it worse yet."

A fund-raising program initiated last winter by one of the most respected of the civil rights organizations stirred concern in at least one small southern city.

Letters and personal visits to businessmen solicited contributions to a local branch of the National Association for the Advancement of Colored People.

The letters to businessmen complained that "neglect and indifference are the basic factors which contribute to the years of suppression and oppression suffered by the minority groups of this country."

The letters proposed the funding of a "Community Service Center to assist minority groups in finding solutions to problems due to unemployment, illness, housing, old age, basic education, food and clothing." Contributions of \$100 per businessman were suggested.

When the local Kiwanis Club was solicited, discussion by members brought out that a number of business leaders had contributed their \$100. The treasurer of the club explained that there was no money in the club budget for such contributions and that the stated needs already were being met by public and private agencies.

During the discussion, one businessman who owns a lumberyard said he had already contributed. When asked why, he replied, "Have you ever seen a lumberyard burn?"

Soon after the Kiwanis meeting, and his recommendation that the club reject the solicitation, the treasurer got a personal letter from the NAACP branch urging a contribution. He was the only banking official in town to receive such a letter.

He was particularly irritated at this implied pressure because his bank already makes special low-interest, long-term mortgage loans to Negroes in the area.

His resentment and concern was multiplied among businessmen elsewhere in the city.

Though the NAACP may well have intended no coercion or pressure in its fund-raising, in these troubled times many of the local businessmen read into it an implied threat.

In Detroit, Edward Deeb, executive director of the Association of

Food Dealers of Greater Detroit, told NATION'S BUSINESS:

"I receive many calls from merchants in the inner city area telling of harassments and threats. Some of them say they are warned that if they don't sell out, they'll be burned down. In some cases, they are trying to force the owners to sell and even give names of people who are ready to move in and buy them out. And," he added, "they usually quote a price ridiculously low."

Another brand of harassment faced Washington's Statler-Hilton Hotel last June as the nation's capital braced for the Poor People's Campaign. The Rev. A.D. King, brother of the slain civil rights leader, was miffed at the Statler's refusal to serve him in its dressy steak house because he was clad in jeans and a tee shirt. Mr. King tore off to nearby Resurrection City and returned with a busload of disheveled Poor People campaigners, minutes before the restaurant was about to close for the night.

They demanded to be served. Hotel officials reopened the restaurant and served 92 steaks. The bill for food and drinks came to \$500. Mr. King argued over the bill, declaring that he would only pay \$200.

Hotel officials called the police. District Safety Director Patrick Murphy personally showed up along with Justice Department officials. These top-level officials reportedly advised the hotel management to take the \$200 and avoid triggering a crisis.

Rochester, N.Y., businessmen are feeling different forms of pressure exerted in the name of more employment for Negroes. This is happening despite the fact some businessmen at their own expense are training young Negroes for jobs.

For example, groups of 25 or 30 will enter a restaurant at the peak serving hour and order an inexpensive item. They eat slowly and tie up the tables. When they pay the check they all pay in pennies.

In several Rochester department stores similar groups will invade the shoe department and start ordering pair after pair of shoes. Legitimate customers must wait. This goes on for an hour or more without a purchase being made.

Still another form of pressure involves the churches in a kind of secondary boycott to force them to hire more Negro employees.

Many Detroit businessmen have been called upon to fill out questionnaires indicating how many Ne-

groes they employ. One questionnaire form has this message:

"... church institutions will evaluate their suppliers on their policy and practice of equal employment opportunity and will favor those suppliers which practice equal employment opportunity."

### In Los Angeles

Officials in Los Angeles say there is now no organized drive by black militants to extort money from white and Negro merchants for protection against property damage and injury during flare-ups of racial violence. But, like other reluctant authorities, they concede that there have been "isolated" cases of attempts by Negroes to cash in on the violence. Lt. George H. Yocham, of the Los Angeles Police Intelligence Unit, calls them "opportunists trying to make a couple of quick bucks."

"There is no pattern to this activity. After the Watts riot in 1965, we had a couple of guys make one quick tour through the area, soliciting merchants whose businesses were still intact."

"They offered protection for these people in case of future disturbances. Some of the merchants paid \$20 or \$50 to these guys. Some asked to consider the offer. Some called police."

"The extortionists never came back. They had no intention of burning down stores. They were just taking advantage of an existing situation."

Los Angeles was noted for its calmness in the wake of Dr. King's death, thanks to an intensive "keep cool" campaign by Negroes and whites. Still, there were instances of Negroes threatening to burn down stores because of individual disputes with merchants over trivialities—refusal to cash a check or sell liquor to intoxicated customers, according to Lt. Yocham.

Other Los Angeles officials, however, believe there is an extortion tie behind telephone calls made by some Negro organizations to merchants for donations to honor the memory of Dr. King. The appeals were made on the premise that "something must be done to put a halt to property destruction during racial troubles."

In New York City, a shopkeeper told NATION'S BUSINESS, they have a grisly slogan involving uncooperative merchants:

"Only burn one a day to keep the troops away." **END**



# FRINGE BENEFITS HIT RECORD HIGH

Survey tells the costs of different industries for extras ranging from vacations to pensions

WEEKLY FRINGE BENEFIT COSTS PER EMPLOYEE

	1957	1967	Per cent increase
Paid vacations.....	\$3.29	\$5.21	58
Private pensions.....	3.56	5.02	41
Old Age, Survivors, Disability and Health Insurance taxes	1.75	4.88	179
Insurance (life, sickness, accident, hospitalization)....	1.90	4.02	112
Paid rest periods, lunch periods, wash-up time.....	2.00	3.44	72
Paid holidays.....	2.00	3.25	63
Profit-sharing payments.....	0.69	1.48	114
Unemployment compensation taxes.....	0.85	1.25	47
Workmen's compensation.....	0.62	1.00	61
Paid sick leave.....	0.52	1.00	92
Discounts on goods and services purchased from company.....	0.10	0.25	150
Employee meals furnished free.....	N.A.*	0.23	N.A.*
Other fringe benefits.....	1.58	2.03	28
Total fringe benefits.....	\$18.86	\$33.06	75
Average weekly earnings...	\$86.54	\$124.32	44
Fringe benefits as per cent of employee earnings....	21.8	26.6	

\*Data not available.

Each week this year fringe benefits will cost American business firms close to \$35 for an average employee—more than a fourth of the employee's pay.

Employers spent an average of \$33.06 per employee per week for fringe benefits last year.

A record \$100 billion will be paid in fringes the whole year. These include such extras as holidays, pensions, sick leave, insurance, profit sharing and social security.

Moreover, the amount for fringe benefits is soaring upward almost twice as fast as wages and salaries.

Since 1957 weekly fringe benefit costs have increased 75 per cent, while wages and salaries are up 44 per cent. The size and increase in these benefits are analyzed in a comprehensive new study of 1,150 manufacturing and nonmanufacturing firms across the country. It was conducted by the Chamber of Commerce of the United States. The study will be released this month in booklet form. It is the eleventh biennial survey conducted by the National Chamber, which has traced the growth of fringe benefits since 1947.

Fringes vary widely among companies and industries. Two firms report benefits averaging less than \$6 per employee per week, while five firms paid more than \$80 per week.

Principal types of fringe benefits surveyed were: 1. Wage payments for time not worked, including vacations, holidays, sick leave and rest periods, totaling \$13.27 per employee per week. 2. Nonwage payments for pensions, insurance premiums, social security taxes, unemployment compensation taxes, workmen's compensation, profit-sharing payments and similar benefits.

Most expensive fringe benefit was paid vacations, averaging \$5.21 per employee per week. Vacations averaged 11 days per year for all industries. They ranged from 16 days in the petroleum industry to seven days in wholesale and retail trade.

Private pension plan contributions were the next largest benefit, averaging \$5.02 per week per employee. Public utilities made the largest payments for pensions, averaging \$9.72, followed by insurance companies, paying \$7.88 per employee per week.



Lowest pension payments were by textile and apparel firms, averaging \$1.44 per week, and department stores, averaging \$1.71.

Employer taxes for federal Old Age, Survivors, Disability and Health Insurance averaged \$4.88 per employee per week. OASDHI is the fastest-growing fringe benefit. It's up 179 per cent in 10 years, and is scheduled to grow much more. The survey covered 1967 social security payments, with the maximum tax \$290 per employee. This year's top levy is \$343 per employee, and the tax is scheduled to reach a \$460 maximum in 1987.

Employer payments for private life, accident, hospitalization, sickness and major medical insurance averaged \$4.02 per week. These costs have increased 112 per cent in 10 years, compared with the 75 per cent increase in total fringe benefits. Payments averaged \$6.12 per week in the primary metal industries and \$5.08 in the petroleum industry.

Paid rest periods, lunch periods, wash-up time and similar on-the-job time paid for, but not worked, averaged \$3.44 per week per employee. This amounted to 13 minutes per day, compared to 11 minutes a decade ago.

Paid holidays averaged 6.5 per year, and cost employers \$3.25 per week per employee. The insurance industry averaged eight paid holidays per year, and department stores and the textile and apparel industry averaged four.

Other fringe benefit costs were: Profit-sharing payments, \$1.48 per employee per week; unemployment compensation taxes, \$1.25 per week; workmen's compensation and paid sick leave, each \$1 per week; discounts on goods and services purchased from the company by employees, 25 cents per week; and employee meals furnished free by employer, 23 cents per week.

Several of these benefits were reported by only a small proportion of employers, so costs were substantially higher for the companies having such programs. **END**

*"Employee Benefits (Fringe Benefits) 1967," a 32-page report, can be bought from the Chamber of Commerce of the United States, Washington, D. C. 20006, for \$1.50 per copy.*

## WEEKLY FRINGE BENEFIT COSTS BY INDUSTRY—1967

	Per employee per week
ALL INDUSTRIES.....	\$33.06
MANUFACTURERS OF:	
Petroleum industry.....	48.82
Chemicals and allied products.....	40.11
Primary metal industries.....	36.58
Printing and publishing.....	35.13
Transportation equipment.....	33.90
Machinery (excluding electrical).....	33.11
Food, beverages and tobacco.....	32.34
Rubber, leather and plastic products.....	31.11
Fabricated metal products (excluding machinery and transportation equipment).....	30.63
Instruments and miscellaneous industries.....	29.92
Electrical machinery, equipment and supplies.....	29.59
Stone, clay and glass products.....	28.15
Pulp, paper, lumber and furniture.....	28.08
Textile products and apparel.....	18.50
NON-MANUFACTURING	
Public utilities.....	41.02
Banks, finance and trust companies.....	35.21
Other non-manufacturing industries (mining, transportation, research, warehousing, etc.).....	34.65
Insurance companies.....	34.02
Wholesale and retail trade.....	24.08
Department stores.....	19.42



# HOW **HUBERT HUMPHREY** STANDS ON BUSINESS ISSUES



PHOTO: TED CORRELL/BLACK STAR



Vice President Hubert H. Humphrey, the Democratic nominee for President, says a National Domestic Policy Council should be established within the White House to help set priorities for the goals of the nation.

The former Minneapolis mayor and Senator sees as "critically important" the need for a tax policy that could help maintain full employment and could be adjusted temporarily by the President. He also favors a new "right to jobs" system.

In expressing his views for *NATION'S BUSINESS* on a wide range of subjects of concern to the business community, Mr. Humphrey feels the time has come for another "Hoover-type Commission" to study effectiveness of government programs. He also calls for special urban development bonds to rebuild the nation's cities.

His response to a series of questions:

#### **JOBS AND JOBLESS**

*Mr. Vice President, do you see a need for a new tax or other incentives to get business and industry more involved in solving socioeconomic problems?*

Putting the question this way almost invites an excursion into the philosophy of private corporate responsibility. I don't mean to go into that.

More pragmatically, we are finding an increasing number of situations in which some form of government financing of privately administered programs appears to afford the most economical and effective way of meeting what you call a "socioeconomic" problem.

Hard-core unemployment is a good illustration. The JOBS program—carried out through the National Alliance of Businessmen, with federal financing of private employer training costs—is working exceedingly well. There are other programs of a similar nature.

I am in favor of encouraging this kind of joint enterprise—but within carefully recognized limits, and on a kind of case-by-case approach.

I don't reject the tax incentive approach. The tax laws have al-

ways included some elements of encouraging one form or another of special direction in business enterprise. Tax incentive programs are easy to administer. They can often produce a much more immediate response in our free economy. But they also involve difficulties in assuring that their benefits are directed effectively to meeting the need which is involved—and that they do not become new tax loopholes.

*Do you feel government should provide public employment for the hard-core unemployed?*

I believe America must now provide a job for every person who wants to work—as a matter of human rights and as a matter of economics. We can't afford the inequity and waste of unemployment and all it implies.

Private employers should provide job opportunities to the fullest extent possible, with the government making whatever backup or financing arrangements are necessary. Specifically, we should begin a program of public service employment as proposed in the Clark-O'Hara legislation. By public service employment, I do not mean make-work projects, but meaningful and socially useful jobs which can lead to even better jobs or to additional educational training.

#### **TAX REFORMS**

*What tax reforms are necessary?*

It is critically important that tax policy be sufficiently flexible to maintain full employment along with reasonable price stability. And tax policy must be sufficiently equitable to assure widespread public support for revenue levels sufficient to finance essential public facilities and service.

The power of tax reduction to restore full employment was demonstrated by the Johnson Administration in 1964 and 1965. In the future, however, we must face up more promptly to the need of adjusting taxes upward to check inflationary pressures.

Inability to raise taxes promptly when necessary could lead to excess caution in reducing taxes when appropriate. That could be costly. We need greater flexibility, includ-





ing some reasonable degree of latitude for the President to make temporary tax rate changes.

There are areas, however, where special treatment is given to selected types of income. These must be regularly reviewed and subject to critical public scrutiny to assure and preserve—and in some cases achieve—equity.

Inefficient and unjustifiable preferences must be resisted just like inefficient, unjustifiable expenditures, because they amount to the same thing as far as our public revenues are concerned.

### LAW AND ORDER

*What is your stand on the law and order issue?*

I believe it is an urgent national concern, but I call it order and justice. We must take new and decisive action at all levels of government to fight it.

The kind of person-to-person crime that most concerns the average middle-class American afflicts the poor and the black even more. But the law and order we seek cannot be built on rhetoric or repression . . . by an emotional outburst. Crime is a social ill that can be met only by sober, responsible and massive action.

### TRADE AND TARIFFS

*Do you feel there should be more or fewer restrictions on imports?*

I am in favor of mutual reductions of trade barriers. The Kennedy Round tariff negotiations represented a giant step in that direction, and I think it would be a tragedy not to build on this historic foundation.

I also favor establishment of a global preference system for the goods of the developing countries. At present, restrictions which limit ability of those countries to increase hard-currency export earnings directly counteract our foreign assistance in many cases.

### GOVERNMENT REFORM

*How do you feel about proposals for a new Hoover-type Commission to study government programs?*

I believe it is time for another Hoover-type Commission to study the operation and effectiveness of government programs.

The first Hoover Commission, initiated by President Truman in 1947, resulted in many constructive savings and benefits. I personally urged and favored the creation of the second Hoover Commission—which reported in 1955.

I would like to see a Hoover-type Commission address itself in particular to the critically urgent task of developing more effective intergovernmental delivery systems for domestic programs.

### LABOR-MANAGEMENT

*Do you think new laws are needed in the labor-management field?*

There are 15 or 20 specific questions here.

I think certain amendments of the Taft-Hartley Act would be advisable: Extending the right of collective bargaining to workers who are now denied it; enacting the long promised—on a bipartisan basis—amendment to the “common situs” picketing provisions; repealing Section 14(b).

The “emergency dispute” provisions of the Taft-Hartley Act could also be advisedly amended and improved in the light of experience—but not to provide for compulsory arbitration.

The unemployment insurance and workers compensation laws are badly in need of modernization.

There ought to be, in my judgment, a Workers Safety Act.

There is serious need for legislation covering employee pension funds.

These are all important points. But the number of them should not confuse or cloud this central fact: There is free, private, collective bargaining in this country today to an extent virtually unparalleled any place else in the world—and it has contributed greatly to the strength of the American economy, the position of American workers and the preservation of the ideal of freedom itself.

We will be well advised to exercise the greatest restraint in intruding by law into this area.

*Are antitrust laws needed for labor?*

No. The antitrust laws wisely recognize, in the Clayton Act, that “The labor of a human being is not a commodity or article of commerce.”

If the question is intended to be

whether—as a matter of labor-management relations—I would favor a law prohibiting company-wide or industry-wide bargaining, I would not.

### DOMESTIC GOALS

*What is your primary domestic goal?*

Communities that are safe and prosperous and offer full and equal opportunity to every citizen. We must push forward at once to achieve the fully interdependent goals of civil order and social justice.

### POLLUTION

*What more, if anything, needs to be done for water and air pollution?*

It is quite clear that America has reached a new threshold in its industrial revolution—a threshold where the quality of our environment is assuming equal importance with the quantity of goods we produce.

As for the future, sustained and efficient pollution control will require more than what are essentially public programs designed to clean up after industry. In our free enterprise economy, acceptable disposal of wastes should rightfully be a normal part of doing business. Any additional costs involved should be treated as operating costs—costs which the consumer must be prepared to share.

I doubt if those costs will ultimately be great. In addition to the fact that pollution now costs a great deal in dollars and cents, there is increasing evidence that many of the wastes we now throw away contain valuable raw materials—sulfur, for example, which can be converted into sulfuric acid at a tidy profit.

### INFLATION AND SPENDING

*Do we need some better means for evaluating government programs and setting spending priorities?*

There are two questions here.

So far as evaluation of the operating effectiveness of particular government projects and programs is concerned, rapid advances are being made in “cost-benefit” measurement.

One of former Secretary McNamara's great contributions to government was his institution of these evaluation procedures in the Depart-



ment of Defense. The Bureau of the Budget has taken the leadership in seeing to it that similar systems are adopted in all departments and agencies of the government. But there is still a great deal more to be done.

The much broader problem of setting national spending priorities really involves the whole political and governmental process. This is a question for the people themselves to decide.

It is at the same time an integral, central part of the President's responsibilities.

I propose the concept of an "open Presidency"—in part to permit a larger degree of public participation in the executive decision-making about national priorities.

I propose establishment in the White House of a National Domestic Policy Council, analogous to the National Security Council, to facilitate planning and coordination of domestic programs and to enable the President to set priorities and make forecasts more accurately.

Let me also say that when reductions in expenditures are necessary, across-the-board cuts, without consideration of priorities, seem to me wrong.

I am similarly opposed, in those situations where increased revenues become available, to just adding new programs on top of the old ones—or to almost automatically expanding the old ones. The essential idea of priorities must be applied to existing programs as well as to new ones.

*What steps are needed to deal with future inflation?*

First, let me say that inflation is never desirable. Price stability is an important objective.

It is not simple in our free economy, however, to reconcile the objectives of full employment, rapid economic growth and relative price stability.

We are continuing to improve our knowledge of how to "fine tune" the economy.

The trouble is that we have not been able to achieve a needed degree of flexibility in fiscal policies in combination with our flexible monetary policies to keep over-all demand closely related to over-all supply year in and year out.

Clearly, we need flexibility on the revenue side of our fiscal policy. Also, we need to develop techniques

for greater flexibility as well as greater efficiency on the expenditure side of the fiscal policy.

But monetary and fiscal policies alone will not assure price stability and sustained prosperity.

We must battle against inflationary pressures in those sectors where there is too much rigidity on the supply side.

I am thinking of medical services and construction and where prices are administered.

We must expand manpower training programs, both public and private, so as to upgrade labor skills, ease labor bottlenecks and improve worker and job mobility.

We must be vigilant against the exercise of monopolistic pricing practices.

The federal government in its procurement procedures and regulatory practices must pursue policies to maximize efficiency in all industries, including the regulated sectors.

Finally, we must involve labor and management in dialogues leading to bargaining concepts and agreements that are fair and equitable and also compatible with price stability.

## HOUSING AND URBAN DEVELOPMENT

*What do you favor in the way of*

PHOTO: WIDE WORLD



*housing and urban development programs?*

Congress has just passed the Administration's major housing legislation for 1968.

Without question, this is the most significant housing measure since 1949. Now we must do everything possible to secure full funding for the many exciting provisions in this bill.

Now we must build imaginatively on these foundations.

I have proposed a Marshall Plan for the cities—a massive commitment of public and private resources in a coordinated program to rescue urban America—but a commitment which stresses local initiative, careful planning and strict priorities.

To help solve the crucial problem of financing, I have proposed creation of a National Urban Development Bank.

The bank funds would consist largely of funds from federally guaranteed bonds, to be sold to private investors. There would be public appropriations to cover the differential between market and subsidized bank rates, technical assistance and grants.

Affiliated regional banks would be chartered by the national bank for specific metropolitan areas.

Regional bank funds would be available to both public and private borrowers for programs which cannot be financed through any other means, but which are found essential to urban development.

The establishment of a National Urban Development Bank with an assured source of funds would facilitate and encourage long-range planning for metropolitan area development—planning now inhibited by the uncertainties of the annual appropriation process.

We can never build the cities we need without the full commitment of private enterprise. We must, therefore, be prepared to offer financial and tax incentives to engage the enormous power of the private sector.

We must also offer these incentives, in addition to schools and first-class public services, as magnets to draw new industry and population to the smaller city and to the new town which can become the well planned metropolis of tomorrow.

And there must clearly be a re-ordering and simplification of the local, state and federal structures



## HUMPHREY ON BUSINESS ISSUES

*continued*

for administering the programs that are needed for urban and human redevelopment. To avoid the irrational patchwork that has marked our urban growth pattern, and to control the forces of urbanization, we must start planning on an area-wide scale.

No matter what the federal government does, urban disorganization cannot be avoided until localities recognize and accept their common destiny.

### EDUCATION AND TRAINING

*What do you recommend in the way of new education or training programs?*

I think it is time to assure a first-class education to every American child from his fourth year through college or vocational training—on an ability to learn, not ability to pay, basis.

My proposals include:

Teacher salaries commensurate with the importance of their service.

Preferential treatment for those children who have gotten off to a slow start for economic or other reasons.

Case-by-case efforts to see that potential dropouts stay in school.

New curricula for those who will go directly from high school to work.

Institutes of remedial education to prepare gifted but educationally disadvantaged students for college.

Year-round use of school facilities—a \$45 billion asset which we now allow to lie largely idle for three months of the year.

The use of magnet centers of educational excellence to attract economic and population growth to areas where it is desired.

Learning and earning programs in cooperation with local employers.

Greater participation for high school and college students in the decision-making process of their schools in that they may learn how to handle ideas in an orderly American way.

This will require substantially enlarged investment of public funds. I believe these funds will be available not only from the annual growth dividends of our expanding economy, but from the "peace dividend" that will result from an end to the war in Viet Nam and from scaling down the arms race. **END**

## WALLACE'S STANDS, PAGE 52

# HOW RICHARD NIXON STANDS ON BUSINESS ISSUES

In his bid for the Presidency, Richard Milhous Nixon is cutting new ground with many of his proposals to deal with national problems.

In answers to questions posed by NATION'S BUSINESS, nominee Nixon proposes the establishment of a national computer bank which would make available to every unemployed person a list of jobs across the country that need filling.

He calls for a National Student Teacher Corps which would tutor underprivileged ghetto children; special tax incentives for industries training hard-core unemployed and low-skilled people; other tax incen-

tives to businesses locating in poverty areas; aid in setting up Negro-owned businesses.

For the sake of all citizens, but particularly the Negro who more frequently is a victim, Mr. Nixon says we must have law and order.

The Republican nominee wants more world trade, not less. He feels U.S. industry can compete around the world if all markets are equally open.

### MEETING URBAN CRISIS

Mr. Nixon, do you see a need for new tax incentives to get business more involved in solving the prob-





PHOTO: PAUL THOMAS—BLACK STAR

blems of our cities—the problems of the ghetto, of the poor?

Yes, I do. We can and must make far greater progress than we have. But we can do so only by a far greater enlistment of private enterprise in rebuilding the cities, providing jobs and job training and constructing housing. Free enterprise goes where the profits are, and tax incentives can put these profits where the people are and where the need is. The old approach to the problems of poverty—massive government spending—was a custodial approach and helped to generate a recurring cycle of dependency and

despair. Good intentions and billions of dollars are not enough to make a success of old programs based on obsolete principles.

Our goal should be to structure welfare programs as a temporary helping hand, not a permanent way of life, and to tailor these programs so that they go directly to the heart of the matter: Dignity, pride and self-respect. For the individual, the first essential step is a job.

Government can provide tax incentives to businesses locating branch offices or new plants in poverty areas, whether in core cities or rural America, and government can also provide tax incentives to busi-

ness and industry to hire and train the hard-core unemployed—tax incentives for investment in human beings, just as the investment tax credit legislation provided incentives for investment in machinery.

I have also proposed the establishment of a national computer job bank to make available locally—in areas of high unemployment, urban or rural—information on job openings and training opportunities across the country.

#### **BUSINESS AND THE GHETTO**

*Are any of your programs directed specifically toward the ghetto?*

Yes, they are. Programs to in-



crease jobs are one way to get at the basic conditions of slum life—the human and social conditions, the conditions of the spirit. But jobs are only a part of the new economic structure we need to create in the ghetto to support a rebirth of pride, individualism and independence. We also need black managers, black ownership.

Much of the black militant talk these days is actually in terms far closer to the doctrines of free enterprise than to those of the welfarist 1930's—terms such as "self-determination," "ownership" and "self-help." What most of the militants are asking is to be included as owners, as entrepreneurs, to have a share of the wealth and a piece of the action. And this is precisely what the central target of the new approach ought to be. It ought to be oriented toward more black ownership, for from this can flow the rest—black pride, black jobs, black opportunity.

Establishing new businesses requires capital, and too often the sources of capital are unavailable for ghetto enterprises because the risks are considered too great. We can turn this situation around through loan guarantee programs, reinsurance programs and an expansion of the loan program of the Small Business Administration in ghetto areas. Federal and state banking authorities can be encouraged to provide technical and capital assistance for the establishment of new, black-controlled banks and correspondent relationships between white and black lending institutions can be encouraged.

I have also recommended development of a program under which successful businessmen and business school teachers would provide training in the techniques of business management.

Both capital and know-how are required, and in both areas government can, and should help. Private associations of businessmen and other private groups—churches, unions, community associations—are already active in this area, and we can take pride in this expression of the active will of the people in the United States to do something about the problems of the ghettos that goes far beyond support for legislation and support for government programs.

## TRAINING THE UNSKILLED

*Do you think any new training and*

*education programs are necessary?*

I have already mentioned tax incentives for industry for training the hard-core unemployed and the low-skilled. We also need far greater emphasis than we now have on vocational and technical education. I propose that we take a national skills survey and communicate the results to high schools across the country, with the goal of providing each high school student with the opportunity to learn at least one marketable skill—marketable not only in the immediate future, but for a decade.

I have also proposed other programs, including a national Student Teacher Corps of carefully selected high school and college students to work at the tutoring of core-city children. What they would lack in formal training they would more than make up, I think, in enthusiasm and in the bonds of friendship and respect.

In broader terms, we should recognize that education at all levels must be a matter of highest priority. If we shortchange the education of our children, we shortchange the future of America—and that we cannot afford to do.

*Mr. Nixon, what do you propose in the area of housing?*

Exciting new trails are being blazed toward more widespread homeownership. Homeownership, like the development of new black-owned and black-managed businesses, is a route to the dignity, pride and self-respect that are so important in the ghetto. The federal government can help to channel mortgage capital into slum areas. The Federal Housing Authority should be turned in the direction of accepting higher risk mortgages in slum areas. This is another area where private groups have been active; and these private, self-help, "sweat equity" groups should be encouraged.

## CIVIL RIGHTS

*Do you think further civil rights legislation is needed to ensure equal opportunity?*

I believe the structure of civil rights has already been put in place at the national level. We have had a decade of revolution in civil rights legislation, and it has been a needed revolution. But the legal doors have been opened. We must now concentrate on such areas as economic development, education, building and

strengthening the black community from within and fashioning a new understanding that can erase the old stereotyped images and bring about new racial attitudes.

## LAW AND ORDER

*What are your views on civil disorder? Couldn't riots in the ghettos wipe out the benefits of the programs you have proposed—or make it virtually impossible even to get some of them started, such as attracting new capital to the slums?*

We must not let that happen. The Negro is the chief victim of urban violence. If the trend toward guerilla war continues unchecked to its tragic conclusion, the law-abiding Negro will feel most cruelly and unfairly the weight of repression. The re-establishment of the rule of law and of respect for the law is therefore of top priority for black as well as for white.

Protection against domestic violence is the first civil right of every citizen, and we need to deal quickly, fairly and effectively with violence when it occurs. Civil disorder has been encouraged by an attitude of permissiveness toward violent action by those who sympathize with the cause in question. But in a country that provides for peaceful progress and peaceful change, there is no cause that justifies resort to violence and lawlessness.

But, although order is necessary for progress, it is equally true that we need progress if we are to maintain order and peace in our cities. Not the peace that comes from repressive force, but the peace that comes from participation in growth and change. Force is no adequate answer to despair, or to those who think they have nothing to lose. We must, therefore, move with compassion and conviction to bring the American dream to the ghetto. If the forces of peace are to prevail, they need to be fired by the hope of an attainable better life, a life of dignity and pride. We can bring this about by getting private enterprise into the ghetto, and by getting the people in the ghetto interested in their own communities and in the American system by encouraging homeownership, black capitalism and economic development in the ghetto.

## SPENDING AND INFLATION

*Do we need a better means for*



## *evaluating government programs and setting spending priorities?*

History may record that President Johnson's failure to establish clear priorities was the pivotal error of his Administration. This failure early in 1966 forced all subsequent choices to be bad ones as events slipped out of control.

While our resources are great, they are not without limit, and it is incumbent upon the President to recognize what can be done and their relative importance. It is important that technical means be created to help make choices among various programs.

However, first and foremost, the President must recognize that choices must be made.

## *What steps are needed to deal with inflation?*

Government deficit spending must be sharply reduced.

Persistent deficit spending invariably requires the Federal Reserve system to finance the Treasury by continuous expansion of the money supply, and an excessive increase in the money supply is the ultimate cause of inflation.

We must firmly pursue a policy to reduce federal deficit spending and the monetization of Treasury securities. Without this, other programs to combat inflation are symptom-fighting and ultimately futile.

## **GOVERNMENT REFORM**

*Are you in favor of a new Hoover-type Commission to study government programs?*

I think we definitely need another study of our government. But it needs to be a broader study than that done by the last two Hoover Commissions.

Our government payrolls have been growing twice as fast as our population in the last few years, and part of this growth is due simply to the inefficiency that results when management surveys are not taken from time to time.

We could accomplish far more with fewer people and less money—but only by having an outside study made.

I believe, however, that such a study should be concerned with more than the operation of government. It should also be concerned with what government does.

Thirteen years have passed since the second Hoover Commission made its report, and during those



PHOTO: WERNER WOLF—BLACK STAR

years our population has grown by some 35 million; three new Cabinet Departments have been created; and the whole pattern of relationships among governments and people on all levels has been profoundly changed.

There are new relationships between city and suburb, new patterns of direct federal involvement in the cities and in education, new ventures in regional cooperation and new layers upon layers of authority for the individual citizen to fight his way through.

We need a commission on government reorganization, which would have a far broader mandate than those given the Hoover Commissions. It would thoroughly study ways of increasing the efficiency of government organization. But it would focus equally on the responsiveness of government. It would be charged with searching out every feasible means of decentralizing government, of bringing it closer to the people, of transferring functions to state and local governments, of creating new instrumentalities where appropriate to involve the people at the community level directly in the decisions that affect their own lives.

It would seek new ways to transfer functions from government to private enterprise, and also to the

great, vital voluntary sector, to enlist the energies of those millions of Americans who stand ready and eager to serve and to help, in the best American tradition.

The membership on this commission would include the best management talent, the best government talent and also the best academic talent from many disciplines. One of its charges would be to start from a new premise: To search out what the people want from government today, and then to proceed to the question of how those wants can best be satisfied.

## **TRADE AND TARIFFS**

*What is your position on import quotas and higher tariffs, Mr. Nixon?*

In the long run the American policy must be one of more trade rather than less. The United States is the richest and strongest country in the world and will grow and expand to the extent that we can increase our trade. I am convinced that American industry can compete in world markets, even with our higher wages, provided the rules are the same on both sides—provided our government opens the markets abroad and sees that other countries do not impose restrictions that we do not impose in the United States.

In other words, it does not make sense for us to open our doors to foreign goods unless it is a two-way street. The rules must be the same abroad as they are at home. The current Administration has done a poor job of opening markets abroad to American products. And until these markets abroad are opened, we have to do something about the problem here.

The federal government is responsible, by law, for taking action to help industries damaged by tariff reductions through the interim period of readjustment. The form that assistance takes should be directed toward helping the industry over the hump so that it can again compete.

To enable American industry to compete abroad, we have to strengthen the American dollar. And this requires sound fiscal management at home. In the past five years, the federal government has spent \$60 billion more than it has taken in, and the net result is the weakening of the American dollar. Attempting to solve this problem by restricting imports, whether through



## NIXON ON BUSINESS ISSUES *continued*

tariffs or quotas, is dealing with symptoms rather than causes. The way to strengthen the American dollar and to increase the competitiveness of American products in world markets is to cut down on what our own government spends. And that can be done effectively only by a new Administration with a new attitude about the spending of public funds.

### POLLUTION

*Do you consider air and water pollution a significant problem?*

Anyone who lives in New York is fully aware of this crisis. Every day our air becomes more choked with dust and chemical fumes; across the country our lakes, rivers and even our oceans become more polluted and unfit for drinking and recreation. The quality of our living environment—particularly in our cities—is becoming increasingly unpleasant and dangerous.

The pollution of the 1960's stems primarily from our failure as a nation to counter the side effects of our incredibly expanding technology.

We have developed lawful procedures that prevent people from dumping garbage in the streets. We must now develop procedures—appropriate to the last third of this century—that will prevent the use of more sophisticated forms of garbage disposal to poison our air and foul our water.

Some of these problems spill over traditional political boundaries, and we must rightly consider the desirability of regional and federal approaches. We need to develop objective standards of environmental quality, and effective, fair means of enforcing them. We need to match advances in technology with advances in government.

### DOMESTIC GOALS

*Mr. Nixon, what is your primary domestic goal?*

My hope for America is that we can restore peace within the country, that we can heal some of the wounds that have divided us as a people and that, together, we can reform the old and indeed build the new institutions that will continue the progress of our people and maintain and expand their personal freedom. That is a tall order. But the history of this country would indicate that we can fill it. **END**

# HOW GEORGE WALLACE STANDS ON BUSINESS ISSUES

George C. Wallace, former Alabama governor who seeks the Presidency on a third-party ticket, calls for incentives to industry to build plants in rural areas as a way to ease urban problems.

He calls strongly for "restoration of law and order" as the first and key step toward solving these problems. He recommends considering the removal of exemptions of tax-exempt foundations in any tax reform review.

Mr. Wallace is seen as a longshot in the Presidential race. But he has met the legal requirements to be on the ballot in enough states to give him a chance at the prize.

Following are Mr. Wallace's views—outlined for *NATION'S BUSINESS*—on these and other issues of interest to the business community.

### URBAN PROBLEMS

*Do you see a need for incentives to get business more involved in solving socioeconomic problems?*

The first thing we must do is to have a restoration of law and order in our country. The President of the United States must firmly lend his moral support to local law enforcement.

The private sector of our economy has helped to solve more poverty problems than all of the governmental programs combined, but it can't continue to do this unless there is law and order.

I believe that we should offer incentives to business and industry to get them to build branch plants in the rural areas of Pennsylvania, Illinois, Ohio, Alabama and other states in order that people don't have to move into our already overcrowded larger urban centers for employment.

The abnormal growth of such urban centers has created and compounded many of our socioeconomic problems. We should make it attractive and possible for suitable industry to locate in the more rural areas of our country.

Such industry would provide industrial employment for those now in the rural areas who desire it. It could also provide employment opportunities for those in our overcrowded large urban centers and relieve the pressures there.

I wish to emphasize, however, that I do not recommend the elimination or removal of existing and needed industries from Boston, Philadelphia, Atlanta or other cities.







less to simply give people money. They should be helping to build a road, or street or harbor, or some public improvement that helps business and industry and thus enhances opportunities for all.

### CONSUMER LAWS

*What more is needed in the field of consumer legislation?*

I believe that we should consider legislation which would help to provide the consumer with more information about the products he buys. It may be that we need to do more in identifying harmful or potentially harmful products for the consumer.

*How do you feel about proposals for a new Hoover-type Commission to study government programs?*

I do not propose a new commission to study government programs, such as the Hoover type, but I do feel that we are wasting a lot of money with nothing tangible to show for it.

The Department of Health, Education and Welfare, for instance, sends thousands of highly educated individuals around the country to inspect everything from bathrooms to hospitals. These people are living off our tax money. They could and should be in private industry where they are needed and where they could be productive.

### LABOR-MANAGEMENT

*Do you think new laws are needed in the labor-management field?*

I do think that the National Labor Relations Board should render prompt decisions in cases brought before it. Unions and businessmen should not be left hanging in mid-air for unduly long periods of time as they have in so many instances.

*Should unions be placed under antitrust laws?*

At the present time, I do not recommend any further extension of antitrust laws.

### DOMESTIC GOALS

*What is your primary domestic goal?*

My primary domestic goal is the preservation of our local government, private property, free enterprise system. The first thing we have to do, however, to insure this system is

the maintenance of law and order, so that our plants, businesses, offices and stores are secure from the deprivations of anarchists, looters and arsonists, and the people who are employed therein are not in danger of losing their lives.

In this connection, I think it absolutely necessary to stop pampering criminals and making them feel that society, rather than they themselves, are responsible for their crimes.

### POLLUTION

*What more, if anything, needs to be done about water and air pollution?*

Air and water pollution is a problem that exists in many areas. I think we should be very conscious of the fact that we could exhaust our clean water and clear air. Consequently, I feel that industry has a social obligation as well as an economic interest in this matter. Also, an ample and suitable water supply is a necessity for many industries.

On the other hand, I would not want to go too far too fast in this area and make it an intolerable burden for our industry. I feel, for the present, that the states should act in these matters.

### INFLATION AND SPENDING

*Do we need some better means for evaluating government pro-*

*grams and setting spending priorities?*

We certainly should re-examine the evaluation of government programs and the setting of spending priorities. It may be that greater reliance should be placed on truly independent and broadly representative advisory groups.

*What steps are needed to deal with future inflation?*

In order to deal with future inflation, we need to cut unnecessary government expenditures.

A good deal of the foreign aid money, for instance, has been poured down a rat hole. If this money had to be expended to aid the economy, it could have been better spent for a variety of other purposes: Strengthening our defenses, new interstate highways, etc. In any case, we must cut federal spending.

### HOUSING AND FARM PROBLEMS

*What do you favor in the way of housing and urban development programs?*

I have already mentioned that I favor tax incentives to build new industries in rural areas as a form of urban development. Our cities do face immediate problems, however, and we should do what we can to help them. The federal government cannot and should not, in this connection as in others, take over the functions of local government. I feel that private industry can do the best job in the housing field, but I do believe that the government should continue to encourage the building of homes throughout the country.

*Are changes needed in the farm and food programs?*

The farmer is not getting his fair share of the dollar that goes for food. I believe that he is getting about 55 per cent of parity at the present time. The efficiency of the American farmer has made it possible to release millions to work in other pursuits and provide the manpower for our defense industries and armed forces. This efficiency should not be penalized.

I hope that the government some day can phase out some of its farm programs, but it cannot be done immediately or it would disrupt the entire agricultural economy. I think, for instance, that programs which



PHOTO: FRED KAPLAN-BLACK STAR



pay hundreds of thousands of dollars to individual farmers should be reevaluated.

In a few years, the demand for food and fiber will probably solve the whole problem. Our population is increasing by three million people a year; and, in addition, there is the increasing demand for agricultural products in the growing world population. This will soon increase the demand for food and fiber, and production of goods and fiber will become a No. 1 priority.

What do you recommend in the way of new education or training programs?

I feel that education and training is the key to the solution of many of the problems facing us. I believe that we should utilize vocational and technical schools and programs of the state to provide retraining for the hard-core unemployed. There should be programs to help the hard-core unemployed who dropped out of school but now want to be retrained.

If this training is offered but not taken advantage of, however, this should end the matter so far as the government is concerned. In the pre-apprenticeship stage, I favor a joint labor-management program similar to those used in World War II to provide trained airplane mechanics and other skilled craftsman.

#### LAW AND ORDER

How can we deal better with the problem of crime and violence?

We should deal with the problem of crime and violence by asking the Congress to change some of the decisions of the courts which have handcuffed the police, in my judgment. These decisions have been largely responsible for the rise in the crime rate. Let the police enforce the law. Also, the President should give his moral support to the law enforcement officials and the firemen of this country.

I am tired of the breakdown of law and order to the point that it is not safe for the average man to walk to work; it becomes necessary for his wife to take a bus in order to get to the supermarket safely. And both are afraid to go out on the streets at night. This is a sad commentary on the supposedly most civilized country in the world. It could be ended if politicians and judges would quit pampering criminals and think about victims. **END**

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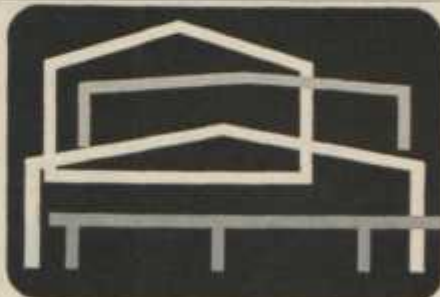
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# INDUSTRY CLEANS UP



In the overly fretful mind of the modern-day American, pollution is the Fifth Horseman of the Apocalypse.

It rides alongside war, famine, pestilence and death, and conjures up pictures of filth, stench, fumes, muck, smoke, soot, grime and slime.

Certainly the problems of pollution are awesome. Everyone is exposed to it in one form or another.

Moreover, pollution is extremely expensive. To get rid of it in all its forms will run into billions, perhaps hundreds of billions.

Much of it already is being accomplished voluntarily. But some

will be forced at every level of government.

The finger of guilt—unfairly—has been pointed at industry. But every American shares the responsibility for causing pollution. Every beer can tossed by the roadside, every pile of leaves burned on an autumn day add up to pollution. Even the government is a polluter.

In the past several years the government has attacked pollution on a broad front. But in its zeal to wipe out pollution, it has sometimes been heavy-handed.

Years ago the oil, chemical, paper and steel industries, among





PHOTO: STEVE SZABO

others, set out on their own to cut down on pollution. Today, industry is spending vast sums of money to develop the technology to cleanse man's environment.

NATION'S BUSINESS in following articles examines the ramification of pollution in all its forms—air, water, solid waste and noise. It tells what is being done and what the future holds in the battle against this Twentieth Century plague.

The problem of pollution is compounded by the fact that Americans congregate where pollution is at its worst. Today, 70 per cent of all Americans live on only 10 per cent

of the total land area. It is estimated that more than 7,000 communities are confronted with air pollution.

Almost overnight pollution has created a new industry—the manufacture of pollution control equipment. Wall Street analysts predict it will be the major growth industry of the 1970's. A few companies are devoted entirely to production of this equipment, but many more are turning it out along with other products.

Industry is turning pollution into profits. Some of the waste now spewing from smokestacks or flow-

ing into streams is already being converted into useful by-products.

In the drive to clean up the nation's air and water, government and industry have not always seen eye to eye. In the area of air pollution alone, there is divided opinion on whether some pollutants, such as sulfuric gases from burning coal, actually constitute a health menace. Also, industry in many instances has opposed imposition of uniform standards for the entire country where so many different factors are at play. There is disagreement, too, on setting similar standards for an entire industry for the same reason.

The federal government has been hesitant to set a price tag on what it will cost to rid the nation of pollution. Outside government, there are as many predictions as experts on the subject. One source says it will take 20 years and cost \$212 billion. Another reports the job will require 33 years and \$275 billion.

To try to cope with the situation, scores of antipollution measures are being drafted, debated and enacted throughout the land.

Industry, with the technical competence and experience already at hand, regards this sometimes frenetic legislative activity with mixed feelings. It feels it must speak out against unsound proposals and is doing so.

#### **Action—but not panic**

Samuel Lenher, vice president of E. I. du Pont de Nemours and Co., points out:

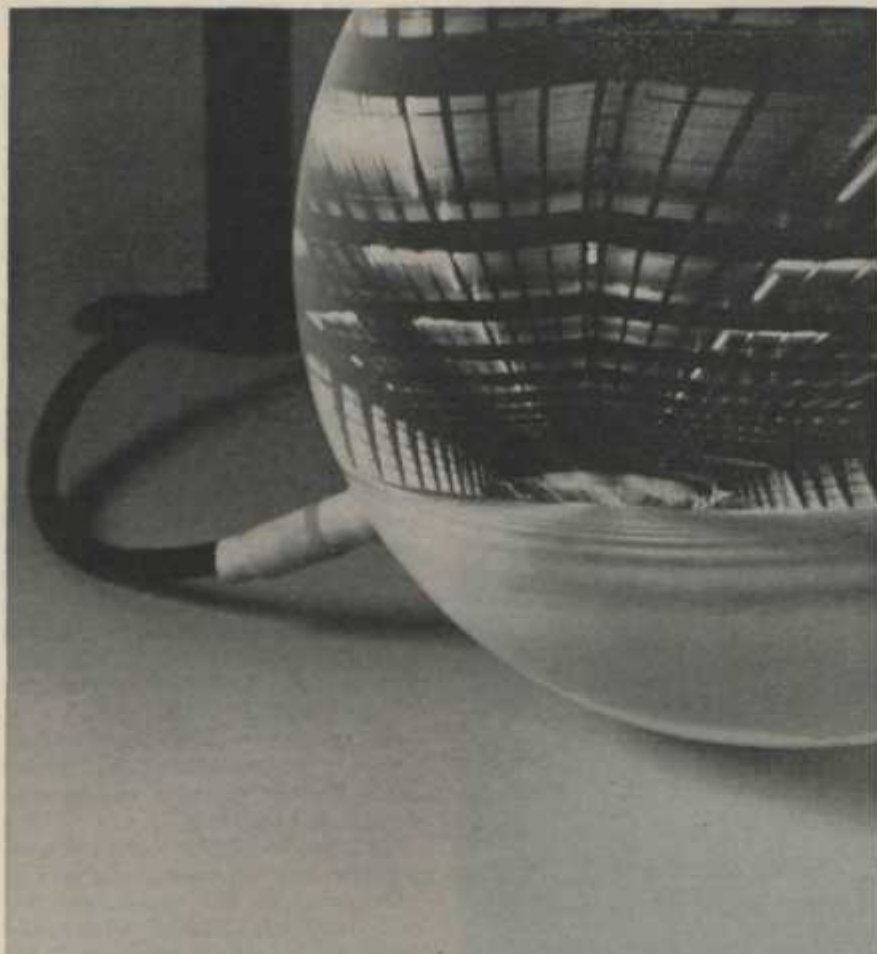
"Let me caution that in our haste to proceed we do not compound our problems with stringent or unworkable laws and regulations which can have an unnecessarily harsh impact on continued industrial growth. Let me repeat, this is a time for action, but there is never a time for panic."

While industry plays a role in causing pollution, and is taking steps to eliminate it, the fact remains it places a heavy financial burden on the business community.

The iron and steel industry is putting more than \$222 million on the line for facilities to provide cleaner air and water. Between 1951 and 1967 individual companies invested some \$600 million in pollution abatement.

The oil industry began attacking pollution in the late 1920's when the American Petroleum Institute set up a committee on disposal of refinery waste. API has just released a report showing that spending by oil companies to help clean up the





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## INDUSTRY CLEANS UP *continued*

nation's air and water totaled more than \$1 billion for the 1966-68 period. The report indicates the industry will spend a record \$382 million on air and water conservation during 1968 alone. This is a 40 percent increase over the \$271 million spent in 1966.

In 1925, for example, Humble Oil & Refining Co. hired a special consultant to analyze the air mass around its Bayway, N.J., refinery. The company conducted an air emission survey in 1952 and since then 92 per cent of the contaminants resulting from combustion at the refinery have been eliminated along with 72 per cent of the gases and odorous compounds being discharged.

Sinclair Refining Co. has spent more than \$15 million at its Houston refinery alone in antipollution facilities. Since 1954 it has had a mobile laboratory at Houston which constantly checks the air and water for impurities.

The nation depends heavily on coal, particularly to meet its electrical power needs now and for many years in the future. Though coal is regarded as a major polluter, utility companies using it are now able to remove 99.5 per cent of soot and ash from smokestacks with modern electrostatic precipitators.

The industry has not yet met with equal success in trying to cut down on sulfur and other oxides discharged by burning coal. But, a \$4.3 million research program, sponsored by the coal and utility industries, is now under way to try to establish how much sulfur oxide in the air is too much and how it can be reduced.

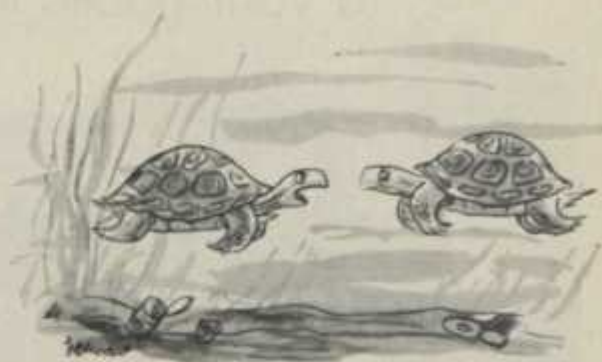
Coal and Pittsburgh once were synonymous. In 1941 Pittsburgh tackled the problem and passed its first antipollution laws. By 1948 there was a 50 per cent reduction of visibility impairment from smoke and Pittsburgh's noon blackout, because of smog, was becoming a rarity.

All this took place long before the federal government seriously involved itself in air pollution. Pittsburgh industries invested almost a half billion dollars to clean up their own house.

The day is fast approaching when the automobile will no longer be regarded as a major polluter. Current models discharge only a third as much pollution as did cars a few years old. A decade from now such

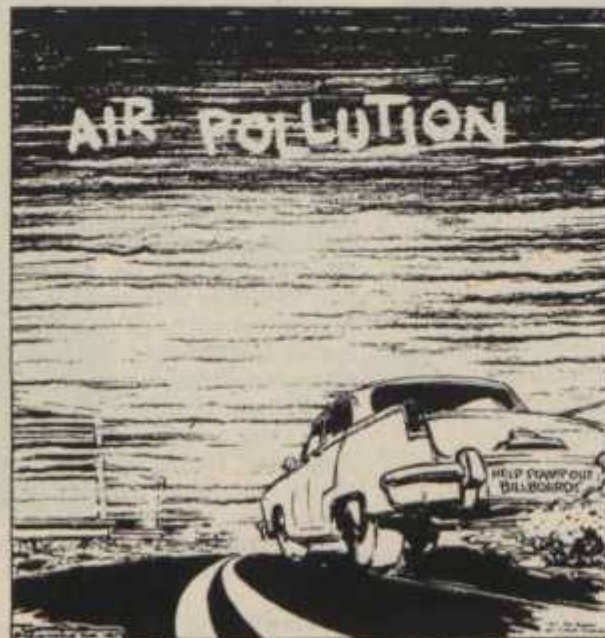


# THE LIGHTER SIDE OF THE MATTER



DRAWING BY Y. E. MODELL  
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emissions from the internal combustion engine will be so minimal that automobile pollution will be virtually nonexistent.

The chemical industry has also acknowledged an obligation to protect our air and water resources. It has spent more than \$500 million on pollution control equipment and currently spends some \$65 million annually to operate and maintain this equipment.

The Eastman Kodak Co., for instance, is now installing electrostatic precipitators on its two 366-foot stacks which have long been a familiar landmark in the Rochester area. The company has also begun construction of a \$6.5 million water treatment plant to further purify industrial waste flowing into the nearby Genesee River.

### What others are doing

"Our objective," says Board Chairman Henry A. Thouron of Hercules, Inc., "is to do more than just comply with state and federal air and water pollution regulations. We want to carry out fully our responsibilities for air and water quality control in the communities of which we are a part."

Tenneco Chemical, Inc., takes a similar position. "As employees of a major chemical complex, we must exercise in a comprehensive manner our responsibilities as good citizens and good neighbors in this regard."

The paper, pulp and paperboard industries also have not waited for a nudge from government. Since 1943 these industries have laid out over \$8 million on pollution-control facilities and another \$25 million in research. But it has been a sound investment. At today's cost these industries would have to ante up perhaps \$1 billion if they started now. Over a million tons of reusable pulp fiber, formerly discharged into rivers and lakes, is now recovered every year. These industries also have learned ways of using 50 per cent less water per ton of paper produced.

Work of the National Council for Air and Stream Improvement, set up by the paper, pulp and paperboard manufacturers, has been so successful that other pollution researchers—including many federal, state and municipal agencies—have turned to the Council as a prime source of scientific information.

The Soap and Detergent Association, at a research cost of more than \$150 million, was able to iso-





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## INDUSTRY CLEANS UP

*continued*

late and do away with an ingredient which caused the "foaming" on streams.

At Proctor & Gamble Co. no new manufacturing installation is approved, whether a new plant or a plant expansion, until proper provision is made for waste treatment facilities. During the next five years, Proctor & Gamble plans to spend more than \$25 million for pollution control and some \$4 million a year thereafter just to maintain and operate its antipollution equipment.

### Cost: \$12 billion yearly

Water pollution now costs the country an estimated \$12 billion a year. Frost and Sullivan, Inc., a New York defense and space market research organization, predicts we'll be spending \$66.3 billion on water and waste-water facilities between now and 1980.

The mammoth future problems of cleaning up the water we dirty and desalting seawater are far from solved. State and federal governments will probably be paying industry \$270 million a year by 1977 for research and development alone.

More and more new equipment is appearing on the water pollution control scene. New machines and processes are being developed to handle problems few recognized even 10 years ago.

Richard Billings, pollution expert with Kimberly-Clark Corp., points out: "We've turned the corner on water pollution control in this country. Pollution was infinitely worse than people realized 10 years ago and it's not nearly as bad as many people think it is today."

Weyerhaeuser Co., the big West Coast lumber firm, obviously depends heavily on water. To find out what happens from the time water falls in the hills as rain or snow until it works its way to the ocean, Weyerhaeuser has built the first flowing-stream experimental station in the world to study how to manage the quality of water.

Du Pont plants in the United States use 1.3 billion gallons of water daily—three to four times the amount used by the city of Philadelphia. The company is now spending \$10 million a year on water pollution control.

### Converting it to useful products

Many manufacturers look to the day when they can convert more pollutant materials into salable products. Schenley Industries, Inc., has found a way of treating distillery

and brewery wastes that transforms stream pollution effluent into cattle feed.

Cargill, Inc., the international grain products company, is recovering float-away grain on streams which it processes for cattle feed.

Aqua-Chem, Inc., of Waukesha, Wisc., one of the largest producers of seawater plants, emphasizes the value of reusing recovered waste or selling it as a by-product at a profit.

The American Can Co., using Aqua-Chem equipment, turns spent sulfite liquor into a concentrated product used for a variety of purposes—ranging from making vanilla to loosening the mud required in oil-well drilling.

United States Steel Corp., which has invested some \$200 million on pollution abatement, has a pilot plant at its new chemical facility near Pittsburgh which it hopes will increase the company's ammonia production by about six times. It may also open up the possibility of recovering additional valuable chemicals from coke oven gas.

Industry not only consumes water in vast quantities but it sometimes demands water cleaner than that we drink. Sprague Electric Co. in North Adams, Mass., is an example. Its water must be 30 times cleaner than water used in intravenous solutions and 15,000 times purer than the U. S. Public Health standard for human consumption.

With the cost of cleaning up the nation's air and water now running at \$10 billion a year, the fledgling pollution control industry is fast coming into its own. Equipment sales to control pollution have risen an estimated 30 per cent yearly over the past three years.

Pollution control sales of Chicago's Slick Corp. rose to \$12 million in 1966, up from \$5 million in 1962. Aerojet-General Corp. has tripled its "waste management" program in the past year.

Zurn Industries, Inc., which now rings up about half its sales in the pollution control field, sold \$3 million worth of this equipment four years ago, \$15 million in 1966 and \$30 million last year. "The pollution business is going to have a fantastic growth," says president Frank W. Zurn. "No doubt about it. The problem will be to build equipment fast enough."

Research-Cottrell, Inc., has been in the air pollution control business since 1912. The late Dr. Frederick G. Cottrell completed in 1907 the development of an electrostatic pre-

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cipitator, a variation of which is still widely used today to remove pollutants from smokestacks.

On May 18, 1967, Research-Cottrell began selling shares to the public. The offering price was \$14. By last May shares had risen to \$124 per share.

While it has not received the attention of air and water pollution, solid waste is a mounting problem. It is estimated that efforts to dispose of solid waste costs something more than \$3 billion a year on the part of government and private industry.

Leo Weaver, chief of the federal solid wastes program, sees the day when whole new systems will have to be installed in industrial plants and in entire cities to collect, process and reuse what would otherwise be waste materials—gases, liquids and solids. And this investment, he emphasizes, will run into perhaps hundreds of billions of dollars over the next generation.

Some experts believe Americans soon may be called upon to include in many things they buy an extra amount to pay the cost of disposing of empty cartons, boxes, bottles and even worn-out automobiles.

## Noise pollution, too

Noise is a form of pollution, too. Sooner or later the federal government may establish an Office of Noise Abatement. There is no question that noise levels are rising all the time, especially in the cities.

A freshman New York Republican Congressman, Theodore Kufnerman, has waged a fight in Congress for almost two years to enact legislation to attack the problems of noise. As in the case of air and water pollution, business may one day capitalize on noise abatement. There will be a market for products which cut down on noise. Building materials are a prime example.

So far, the government has focused its attention on jet aircraft noise. Bills have been introduced to reduce jet noise. There is already considerable controversy over whether the American supersonic jet, now under development, will be permitted to fly over land because of the shattering noise it would create as it moves through the air.

New-type helicopters developed for Viet Nam have cut down noise to the point they are said to be acceptable for use over highly populated areas. Airlines now frequently work out flight patterns to minimize landings and takeoffs over residential sections.

**END**

# MYTHS ABOUT POLLUTION

Pollution is nothing new.

In 61 A.D., the Roman writer, Seneca, talking about the then capital city of the western world, wrote:

"As soon as I had gotten out of the heavy air of Rome, and from the stink of the smokey chimneys, thereof, which, being stirred, poured forth whatever pestilent vapors and soot they held enclosed in them, I felt an alteration of my disposition."

Twelve centuries later Queen Eleanor, wife of England's Henry III, complaining about "the unendurable smoke," suddenly fled Nottingham's polluted air and ran for Tutbury Castle in the suburbs.

There are many misconceptions about pollution, its causes and its effect on mankind.

Before there was life on this planet, volcanoes spewed out pollutants into the atmosphere. Every forest fire and dust storm creates pollution. Swamp gas and mildew are not new, nor is the stench of rotting vegetation or decaying animal matter.

For centuries man polluted the air when he tanned leather, forged metal, smoked tobacco, roasted meat, cooked cabbage, and burned wood, coal and refuse.

Early English sailors reported mysterious fish kills in Delaware Bay, which may have been the result of tidal flushing of organic wastes from nearby swamps.

Residents of New York must believe their pollution problem has never been so acute. But air samplings taken over the New York-New Jersey area almost 30 years ago show there is no more pollution now, despite tremendous increases

in population, industrialization and autos.

It is commonly believed that pollutants render the air unfit. False. Without salt or dust—both pollutants—we would not have rainfall.

Another pollutant is a form of oxygen known as ozone. At ground level it can damage vegetation and cause rubber to crack. But in the upper atmosphere ozone helps filter out radiation from the sun. Without it, life could not exist on earth. Everything would burn to a crisp.

On a delightful walk through an aromatic pine forest, you're breathing a type of hydrocarbon called terpenes. They're pollutants, too.

The haze which makes the Blue Ridge Mountains look blue from a distance is the result of these terpene hydrocarbons reacting with sunlight.

Anyone who flies is probably convinced that visibility at major airports has never been so limited. But the U. S. Weather Bureau found that the number of times smoke reduced horizontal visibility at airports was actually less in 1965 than in 1945.

Not everything discharged from an automobile engine or power plant is harmful. In fact, some of the pollutants are very useful. For example, carbon dioxide. Vegetables depend on carbon dioxide for survival.

Plants, in effect, convert man's waste back into products essential for man's survival.

Even the noxious-looking fumes from a diesel-engined bus or truck, while offensive in appearance and odor, are regarded as nondangerous, little more than a nuisance.



**INDUSTRY CLEANS UP**

## WHY WE'LL ALL BREATHE EASIER



PHOTO: WILLIAM A. GAGAN

An incredible 165 million tons of "aerial garbage" is spewed out each year into the air we breathe.

How much this affects human health is subject to considerable debate among doctors and scientists.

Air pollution is costing each American an estimated \$550 annually to have this soot and fumes washed out of his clothes, to repaint his house, clean his car and to maintain public buildings.

Last year, Congress passed strin-

gent laws aimed at curbing air pollution. Many cities and states acted similarly, some years before the federal government entered the picture.

### ***Industry's multimillion dollar effort***

Industry is responsible for only about a third of air pollution. The remainder is caused by automobiles, home furnaces, forest fires, open incinerators, burning leaves and the like.

Industry is spending tremendous funds to perfect the art of reducing pollution.

Dr. John T. Middleton, director of the National Center for Air Pollution Control, estimates industry is spending \$800 million annually on pollution abatement in the form of equipment, maintenance, operation and research. But even that vast amount, he says, isn't enough to get the air pollution job done.

The federal government's con-





PHOTO: ELLIOT SWITZ, MAGNUM

tribution, now running about \$65 million, will possibly reach \$100 million by 1972, Dr. Middleton predicts.

In the past 10 years the electric power industry has spent some \$750 million on air and water conservation.

In the same period the chemical and petroleum industries have spent a like amount on pollution-control equipment and are now spending additional millions a year to operate, improve and expand it.

The American Petroleum Institute and the Automobile Manufacturers Association are jointly pursuing a \$10 million research program to try to develop a pollution-free automobile engine.

Vigorous air pollution cleanup efforts have also been under way in the steel and chemical industries and among manufacturers of paper, pulp and paperboard.

President Johnson last year called on Congress to enact a stiff air quality bill.

Congress conferred upon the De-

partment of Health, Education and Welfare almost unlimited authority to control air pollution.

#### **Progress, if not breakthroughs**

HEW is now in the process of establishing geographical pollution regions and setting emission standards to which various industries must conform. Emission standards are already in effect on automobiles, beginning with this year's models.

In the coal industry, equipment is now available for coal-burning power plants to capture more than 99 per cent of soot and fly ash emissions.

Electric utilities have invested some \$750 million in dust collectors, electrostatic precipitators and other devices to eliminate coal-generated pollution.

On the other hand, meanwhile, the industry has not been able to come up with an economically feasible method for eliminating sulfur dioxide from flue gases. So far, research has turned up some promis-

ing results in the laboratory but no real breakthroughs.

Joseph E. Moody, president of the National Coal Policy Conference, says there are proven ways to rid sulfur gases from burning coal but none has been shown to be economically feasible.

"Further work is needed," he points out, "and to complete it likely will cost the nation millions of dollars—although far less than it would have to pay in power blackouts, shut-down factories and idle workers if we don't find ways to meet our energy needs, coordinated with the hundreds of new air pollution regulations now being adopted."

However, Wellman-Lord, a subsidiary of the Bechtel Corp., has come up with a process which it says will not only eliminate sulfur dioxide from stack gases at electric generating plants but turn a profit as well by producing commercially salable anhydrous liquid sulfur dioxide.

As with other industries, coal users are finding ways to turn pollution into profits.

Enercon Limited, in Hamilton, Ontario, has developed a process to convert waste fly ash into valuable materials for the concrete industry. These materials include structural lightweight aggregates to replace sand and stone, and pozzolanic fly ash, used as an addition to Portland cement for producing high-quality concrete.

The dispute over pollution's effect on human health rages on. The Environmental Policy Panel of the President's Science Advisory Committee now concludes:

"While we fear and many believe that long-continued exposure to low levels of pollution is having unfavorable effects on human health, it is heartening to know that careful study has so far failed to produce evidence that this is so, and that such effects, if present, must be markedly less noticeable than those associated with cigarette smoking."

#### **Detroit's success**

Apparently the drive to "clean up" the automobile has turned the corner.

Looking a decade down the road, here's what Henry Ford II, chairman of Ford Motor Co., foresees: "Americans will be buying 12 million new cars in an average year—one third more than today's normal



demand. . . . Harmful emissions from the internal combustion engine will be reduced to the point that they will no longer represent a significant problem.

"New power sources, including electric engines, will help to reduce air pollution and urban traffic congestion."

"There's more to be done, but we've made spectacular advances," Chrysler Corp.'s Charles M. Heinen tell NATION'S BUSINESS. Mr. Heinen is chief engineer for emission control and chemical development and was on the first Automobile Manufacturers Association panel to study the auto's role in air pollution, nearly 15 years ago.

Over the years, Mr. Heinen estimates his industry has spent "millions of dollars" developing pollution-test equipment. But it has paid off.

D. L. Hittler, manager of exhaust emission at American Motors Corp., says of his company's efforts: "We worked plenty of seven-day weeks, three shifts a day. And there was

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**"They're shaking us down," businessmen say. For the inside story, see page 37.**

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a time when our engineering staff was spending 60 per cent of its time on emission control." Mr. Hittler, a youthful-looking father of seven, has spent the last 11 years in exhaust emission and related programs.

Cleaning up the car's engine has reached the point now where many experts are urging a long, hard look before going further.

Cost is one factor. For instance, if sales of the 1968 model cars hit nine million, it's estimated that the car buyers have paid about a third of a billion dollars for emission-control devices.

#### **Oil industry's role**

To be sure, the auto companies haven't been going it alone in their phase of the air pollution battle. All major oil companies for years have been attacking the problem. They have steadily improved the quality of motor and heating fuels to make combustion more complete. The price tag on their pollution re-

search runs into millions of dollars each year. Ford and Mobil Oil Corp. launched a \$7 million joint research effort to develop a fuel-engine combination that virtually eliminates atmospheric emissions at the lowest possible consumer cost and with the least possible effect on engine performance. Five other oil companies have since joined this inter-industry effort: Standard Oil Co. (Indiana), Atlantic Richfield Co., Marathon Oil Co., Standard Oil Co. (Ohio) and Sun Oil Co.

Chrysler and Standard Oil Co. (N. J.) are partners in a "systems approach" to investigate the interactions of fuels, lubricants, engines and auxiliary equipment.

Ethyl Corp., which has been active for many years in the field of engine and fuel relationships, has developed on an experimental basis a modification of the carburetor and exhaust system which substantially reduces the emission levels of unburned hydrocarbons and carbon monoxide.

Starting with standard production line automobiles, Ethyl has come up with a number of experimental modifications resulting in emission levels well below those called for in federal standards. These modifications have not caused any impairment of either drivability or engine performance.

No one NATION'S BUSINESS talked to in the auto industry expects the electric car will replace the gasoline-burning one.

But many see it as a supplement, mostly for commuting and intown deliveries.

At Ford, the goal is to develop electric vehicles suitable for production within eight years. Michael Ference Jr., Ford vice president, contends that "electric cars that could be built today at an acceptable cost would offer such short range, poor performance or so little carrying capacity that there would be no significant demand for them."

American Motors is working jointly with Gulton Industries, Inc., to develop an electronic car using a long-life, lightweight, lithium battery system.

GM President Edward N. Cole believes there will be many improvements in the conventional piston-type engine that will take care of the environmental problems long before the industry comes up with technology that will make electric cars feasible. **END**



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1. To solve the problem of hard-core unemployment by promoting job-training programs by business and industry, and by creating new job and career opportunities.
2. To bring about the modernization of local and state governments as the foundation stone for the solution of community problems.
3. To encourage the coordinated effort of all local groups—and the use of total community talents and resources—to solve the broad range of community problems: housing, education, pollution, crime, racial unrest.

4. To develop greater cooperation between business and education to help schools and colleges become more effective, and more closely geared to the needs of the times.

5. To create a better public understanding of basic economics and of the market economy and how it operates. (This relates to the National Chamber's Understanding Economics Discussion Course and its widespread program of College-Business Symposiums.)

6. To equip and encourage individuals to be more active, influential and responsible citizens in political and public affairs. (This relates to the National Chamber's Action Course in Practical Politics.)



7. To encourage economy and fiscal responsibility in the Government to halt inflation and to protect the value of the dollar.

8. To encourage the development, conservation and prudent use of the country's natural resources.

9. To reform the International Revenue Code, and to make the tax laws fair and equitable.

10. To preserve the integrity and solvency of Social Security.

11. To strengthen the foundation of business-consumer relations.

12. To bring about needed reform in the one-sided labor laws, and to restore balance to the bargaining table.

13. To promote the growth of the existing system of private pension plans.

14. To promote policies and programs to stimulate private capital investment overseas.

15. To promote the expansion of international trade, and to bring about a solution to the unfavorable balance-of-payments problem.

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INDUSTRY CLEANS UP



PHOTO: STEVE DEARD

## POURING MONEY ON TROUBLED WATERS

For Kimberly-Clark Corp., the management decision was a complex one.

The company wanted to build a new plant on the Sacramento River. It checked out all its plans with the Department of Interior. The company was given the go-ahead, but told to make certain that plant wastes did not damage the valuable salmon spawning grounds nearby.

For the company's engineers, this was a more difficult assignment than might be realized. Reduced to its simplest terms, it meant that any water used by the mill must be returned to the stream about as clean as it was when removed.

After much experimentation, and

considerable cost, Kimberly-Clark solved its problem. Now company and salmon coexist peacefully.

Kimberly-Clark's example, matched by many other companies, illustrates how prudent industrial management and wise conservation policies can go together.

Where industry and government policies sometimes clash is on the question of how clean the nation's waters should be.

Many in industry contend that government policies demand standards beyond the capacity of modern technology to meet, that they would even force plants to close and thereby create more unemployment.

Government officials reply that

enhancement of the nation's waters must be the primary consideration, that standards must be constantly revised upward lest population increases and increased demands on the rivers force the standards still lower in the natural course of events.

However the issue is resolved, substantial progress is being made meanwhile in combating water pollution.

### **Despite controversy—progress**

The United States Steel Corp. has put into effect four new conservation systems at its Gary, Ind., sheet and tin works designed to overcome the problem.

The first system employs three



basins and related equipment to contain the effluent water from a new, 84-inch, hot strip mill long enough to settle out scale and skim off surface oil. Filters then treat the scale pit effluent by a technique similar to that used in city systems to finally clarify drinking water.

The second system disposes of spent acids from the pickling lines by thrusting them 4,300 feet underground where they are permanently isolated from the ground and surface water.

The third system permanently neutralizes several acid and caustic wastes. The fourth system employs gravity separation and other advanced technologies to attack emulsified oils which refuse to settle out of the water.

Humble Oil & Refining Co. refineries in many sections of the nation have received international recognition for their contributions to water pollution cleanup.

#### Ohio experiment

The Ohio Water Development Authority, the first of its kind in the United States, has singled out the lower Cuyahoga River near Cleveland for a massive cleanup program. This is a highly industrialized section where the river flows through Cleveland then discharges into Lake Erie.

The Authority will undertake projects for construction of waste treatment facilities for private industry or communities, or both. The facilities, to be built with state revenue bonds, will be financed by user charges. This system may unlock the troublesome problem of financing.

The Columbus, Ohio, Laboratories of Battelle Memorial Institute has been retained as technical advisers to develop alternative action programs or projects to abate water pollution and to improve water quality on this stretch of the river.

Battelle in turn is relying heavily on industrial know-how in formulating programs being watched closely for new patterns of industry-community cooperation.

Granted that industry has the know-how to make significant contributions to abatement and prevention of water pollution, it still is enormously costly.

The Government so far has turned down the idea of incentives in the form of tax credits for installation of expensive pollution control equipment required by local authorities.

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industry for the view that water conservation costs must be built into the budgets of new and existing plants much as any other business expense.

Michael L. Haider, chairman of the board of Standard Oil Co. of New Jersey, states:

"Business must raise its own standards of control and initiate and contribute to community-wide pro-

grams. The opportunity is still ours for a reasoned and effective response to the challenge of contamination.

"The real cause of air and water contamination is thus the whole of modern society. Pollution is the result of millions of people doing many current-day things—manufacturing, burning leaves, using automobiles, incinerating garbage, smoking cigarettes, disposing of sewage. How then can we control the problem?

"Since all segments of society have helped create pollution, the restoration and maintenance of satisfactory air and water conditions entail a coordinated effort by all parts of the community, including, importantly, its business members."

#### **Business spending own money**

In the absence of incentives, industries are going ahead and making major capital investments, anyway. In addition, they are cooperating among themselves to effect economies. For example, seven steel producers teamed up at a cost of \$500,000 to test the efficiency of a new process in Niles, Ohio, for the disposal of steel wastes.

In addition, whenever it is possible to do so, leftovers from industrial processes are converted into a useful material. Torula yeast, a quality food product, has been developed by mixing sugars in spent sulfite material with small amounts of useful chemicals in a fermentor.

Sometimes cities get together, with the help of industry, and attack waste problems. The twin cities of Kansas City, Mo., and Kansas City, Kans., with the cooperation of industry, have joined in a primary treatment facility on the Missouri River just below the mouth of the Kaw River. Although it is operated in Kansas, it serves both communities.

#### **Breakthroughs in offing**

The extensive research program funded by the government, along with the substantial investments by industry, offer the prospect of several important breakthroughs.

As one example, Federal Water Pollution Control Administration Commissioner Joe G. Moore has waxed enthusiastic about a "remarkable" new water pollution control pilot plant in Washington, D.C., which treats waste water so effectively that the "final product is as clear as drinking water."

The pilot plant, funded jointly by

the Interior Department and the District of Columbia at a cost of \$400,000, treats up to 100,000 gallons of waste water daily from the Potomac River for treatment. According to Mr. Moore, 99 per cent of the oxygen-demanding wastes, more than 95 per cent of the phosphorus and 100 per cent of the suspended solids are being removed.

In addition, nine other full-scale or pilot-scale advanced waste treatment facilities are now in operation at Chicago, Detroit, South Lake Tahoe, Calif., Prince William County, Va., Nassau County, N. Y., Pomona, Calif., Lebanon, Ohio, Lancaster, Calif., Ely, Minn.

"These plants are pointing the way to the time when tertiary treatment of waste water will become common," Mr. Moore points out. "At present in this country our water pollution control treatment plants provide only primary or secondary treatment."

Another promising approach for a breakthrough lies in the use of microbes to process waste waters. For example, scientists at the North Star Research and Development Institute, Minneapolis, are trying to stimulate hungry fungi to take advantage of their natural appetite for organic substances normally suspended in waste water discharged by food processing plants.

General Mills, Inc., Green Giant Co., Ralston Purina Co. and Central Soya Co. are contributing financially to the research project, along with the Federal Water Pollution Control Administration.

Some industrial plants now run waste solutions into large ponds or lagoons, where organic materials are degraded slowly by organisms which do not require oxygen. But this method of treatment can be expensive.

#### **The task ahead**

Though substantial progress has been made, the enormity of the task ahead seems almost overwhelming.

To meet the new water quality standards of the states, the total five-year cost is estimated to range between \$26 and \$29 billion, including \$8 billion for municipal waste treatment plants and interceptor sewers.

Initial estimates indicate that \$2.6 to \$4.6 billion will be invested in treating and bringing industrial wastes to a level comparable to secondary treatment of municipal wastes.

END



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## INDUSTRY CLEANS UP

Enough garbage, rubbish, junked cars and scrap to fill the Panama Canal four times each year—are produced annually in the United States.

Every man, woman and child in the country churns out between four and five pounds of refuse daily, according to experts studying the solid waste problem that is heading toward crisis proportions.

Adding to the gross national refuse product are some six million cars, 50 billion beverage and food cans and 65 billion metal, glass and plastic caps and tops that wind up each year on the scrap heap.

The result: Eyesore landscapes and polluted air from reeking incinerators and smoldering dumps graphically telling how narrow the nation's present margin of control

came law Oct. 20, 1965. Since then, a cooperative national program aimed at discovering and evaluating better methods of coping with the solid waste problem has been launched by both the federal government and private industry in concert with local and state agencies.

To provide training and technical and financial assistance, the U. S. Public Health Service established the Solid Wastes Program within the National Center for Urban and Industrial Health.

Richard D. Vaughan is chief of the center. As he notes, solid waste disposal in many communities is performed by private contractors, while in others it is performed by governmental employees.

"The Public Health Service is

# WHERE WILL WE STASH THE TRASH?



is over the mounting solid waste problem. In this era of affluence, high-g geared mass production pours out scrappable goods faster than dumping grounds can absorb them. By 1980, today's national total of 160 million tons of refuse will leap to 260 million tons.

But due to lack of suitable planning, interest and public understanding, this threat to the public health and welfare received only token attention until a few years ago. The first substantial federal commitment came through the Solid Waste Disposal Act, which be-

not concerned with who performs this essential service," he says, "but it is vitally interested in whether it is performed properly."

### Can we catch up?

It is the technological problem that worries most experts. Can technological advances in waste management catch up to technological breakthroughs in producing goods that wind up as scrap?

The national effort to dispose of solid wastes now costs more than \$3 billion a year in both public and private expenditures. Nearly \$1 in



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## WHERE WILL WE STASH THE TRASH? *continued*

each \$10 of every American community's budget is spent to collect and dispose of its solid wastes.

Many experts, from government and industry, believe the United States should be spending at least \$100 million a year on research, instead of the present \$4 million federal ante. A drive along the nation's highways, or a tour of alleys of many communities, gives testimony that less than half of the nation's cities and towns have adequate solid waste disposal systems. In many areas, solid waste management is conducted with a "dirt under the rug" approach.

It took tragedy and a near catastrophe to awaken a ho-hum nation to the urgent need for new ideas for garbage disposal. Last February, a seven-year-old boy burned to death while playing near some smoldering garbage at the Kenilworth dump in the nation's capital. A public furor arose and this health-menacing eyesore was closed. That same month, the nine-day strike of New York City sanitation men became national news when 100,000 tons of uncollected garbage formed head-high piles from ghetto streets to swank precincts.

### **Four ways to tackle problem**

There are presently four basic disposal methods:

#### **1. Open dumping.**

The open dump is the most archaic method of disposal. It is exactly what the name implies: A place where solid waste is simply dumped in the open. It is burned regularly to reduce the volume.

It is by far the least desirable method of disposal and contributes significantly to air pollution and health problems.

#### **2. Controlled burned dumping.**

In controlled burned dumping, solid wastes are unloaded onto a specially prepared dirt bank. The dump operator distributes piles of refuse evenly on the banks. He then sets fire to each load on the downwind edge.

#### **3. Refuse filling.**

At refuse fills there is a systematic and periodic operation to compact and cover the refuse, but not daily.

This is frequently confused with sanitary landfilling.

#### **4. Sanitary landfilling.**

This is one of the newest methods. Even as late as World War II, few communities were experimenting with it.

Now, however, it has evolved into

the most satisfactory method for disposing of solid waste on the ground.

Successful sanitary landfill operations have one characteristic in common: Competent and continuing engineering planning and control.

The American Society of Civil Engineers defines a sanitary landfill as "a method of disposing of refuse on land without creating nuisances or hazards to public health or safety by utilizing the principles of engineering to confine the refuse to the smallest practical area, to reduce it to the smallest practical volume, and to cover it with a layer of earth at the conclusion of each day's operation or at such more frequent intervals as may be necessary."

In addition, the practice of sanitary landfilling often takes worthless land and makes it usable for parks, highways or even for tax-yielding commercial uses.

### **From landfill to campus**

Half of New York City's 15,000 tons of daily waste goes into filling marshes and extending shores. For sanitation, the refuse is covered with about two feet of dirt.

National Council of Refuse Removal Trade Associations points out that many valuable acres were added to the beautiful campus of the University of Washington through sanitary landfilling. The Cleveland Municipal Stadium on Bay Front Drive was made from almost 60 per cent landfill. The large North Hollywood, Calif., supermarket is located over the Vine-land-Victory landfill.

The recreational facilities and parkland adjacent to the East River Drive in New York City was a former landfill site. Much of Chicago's lake front was also made possible through landfilling.

Virginia Beach, Va., is using municipal refuse to build an amphitheater and coasting hill.

Still, urban growth has already placed severe limitations on land available for solid waste disposal. Cities are simply running out of space to bury it. New York and Philadelphia engineers are considering a plan to freight garbage to Pennsylvania to fill in strip mines. So the drive is toward new, more complex—and more costly—solutions. Private enterprise has been in the forefront in conceiving and developing these revolutionary ideas.

One is the plan to put San Fran-



cisco's garbage to use by burning it and transforming it into electricity.

This would involve construction of a \$10 million incinerator plant with the capacity to burn up 2,000 tons of garbage daily. Burning would reduce the volume 90 per cent leaving 10 per cent residue of clean, usable fill, proponents claim.

The energy created would be used to manufacture steam which would be sold to Pacific Gas & Electric Co. The power company, in turn, would convert the steam to electricity.

#### Europe proves it works

Until recently it was widely thought that incineration had to be ruled out as a solution to San Francisco's garbage crisis. A chamber of commerce task force, however, found that a number of European cities have been operating clean, smog-free incinerators for several years.

As civic leaders in and around Dayton, Ohio, discovered after a 13-year period of public controversy, a well-designed incinerator can look much like any other public building, such as a school. A dubious public had to be won over before two \$8.5 million incinerators could be built. And the annual fees charged to municipalities and industries using the incinerators compare favorably with their former disposal cost. Through the sale of by-products, such as steam heat to industries and reclaimed metal products, these fees may decline.

In another development, the Public Health Service and the Tennessee Valley Authority have constructed a field-plant to investigate the public health aspects, market-

ability and agronomic value of composted refuse and sewage sludge.

Business and industry will spend \$25 million this year to curb littering in the United States, according to Keep America Beautiful, Inc., the national litter-prevention organization. KAB was formed 15 years ago by the brewing, glass container, metal can and paper industries, all associated with types of packing that often ends up as litter. Today it is supported by contributions from 100 major corporations, trade associations and labor unions.

Japanese engineers have developed a giant press that reduces volume by 90 per cent in a process which crushes garbage into bales. The bales can be dipped into asphalt, concrete or steel sealants and used for road ballast or building blocks. Many experts, including Chicago Streets and Sanitation Commissioner James V. Fitzpatrick, believe that compaction is the breakthrough that is going to save the cities.

One other promising but long-range solution, explored by the University of Pennsylvania, may be the pneumatic tube-vacuuming disposables into an underground pipe and then to a suburban grinder.

Whatever the solution, one fact is clear. Investment for development and installation of new systems for solid waste disposal will run into the tens—perhaps the hundreds—of billions of dollars over the next generation. It will likely demand unreserved cooperation between federal, state and local government, private enterprise and the public.

END

## IN THEM THAR HILLS

Recent studies indicate the nation's growing mountains of garbage may be a gold mine.

The U. S. Bureau of Mines has found that the fly ash of garbage incinerators is a rich source of recoverable gold, silver and other metals. It estimates \$7 million in gold and silver could be recovered each year.

The gold and silver come from photographic chemicals, the solder in electrical equipment, plated articles and even the sparkle dust used on Christmas and birthday cards.

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**INDUSTRY CLEANS UP**

# THE BOOM NOBODY WANTS



A few weeks ago, a New Yorker named Robert Alex Baron, outraged by the noise in his city, went to the Sky Club at the Pan American Building for a working lunch and got some news that was music to his ears.

Mr. Baron is head of a group called Citizens for a Quieter City. He discussed noise abatement with William L. Wearly, chairman of Ingersoll-Rand Co. This company makes construction equipment that causes considerable racket in many an American city. But that's changing; and more dramatic changes are in store in the suddenly important field of noise pollution.

Ingersoll-Rand has just marketed a quiet version of a small air compressor and is about to do the same with a much larger model. And Mr. Wearly recently agreed to head noise-abatement efforts for a newly reorganized mayor's task force on the urban environment.

Ingersoll-Rand's efforts to reduce noise followed the successful example of General Motors which designed a quiet sanitation truck.

Elsewhere in the city, Robert Dowling, chairman of City Investing Co., has been encouraging an inventor developing a vibrationless jackhammer, which a major manufacturer is considering for production. The work of these and other companies is knocking down the

myth that business won't quiet its products voluntarily.

These developments, not limited to New York, reflect how rising national concern over noise is being translated into hardware.

Looking ahead, public demand appears bound to lead to further federal, state and local regulation, antinoise specifications in equipment orders by public agencies and heightened consumer preference for quieter products, in addition to stepped-up voluntary action by business. Equally likely is higher cost to business and the public, though not every noise-control measure will inevitably increase prices.

And like air and water pollution, noise abatement can lead to creation of new markets and new factors of competition among materials, equipment and even energy sources and forms of transportation, as well as pressure for changing urban land use.

## **A problem centuries old**

Noise—unwanted sound—is hardly new to urban life. An acoustics professor at the University of California at Berkeley, Walter W. Soroaka, recently cited complaints recorded in Nineteenth Century London over quacking and bellowing in the marketplace and rumblings of stagecoaches.

Noise can cause hearing damage



ranging from temporary loss to permanent deafness. And doctors report curious reactions in human beings, though not necessarily damage, including dilation of the pupil of the eye, contraction of blood vessels and changed heartbeat and blood pressure.

Investigators in riot-prone areas report that the high level of incessant noise is a chief cause of discontent.

Drum-beating efforts to build nationwide concern led in June to the first national conference on noise as a health hazard. The keynote speaker, Surgeon General William H. Stewart, speculated on the number of ulcers, heart problems, "psychoses and neuroses for which the noise of Twentieth Century living could be a major contributory cause.

"Must we wait until we prove every link in the chain of causation?" he asked. "In protecting health, absolute proof comes late. To wait for it is to invite disaster or to prolong suffering unnecessarily."

A confidential memo from White House aide Joseph Califano to the Secretary of Commerce several months ago launched formation of a nongovernment panel headed by Dr. Jack Goldman of the Ford Motor Co.'s research staff. The panel begins work this month exploring the political, social and economic "hang-ups" hampering introduction of known antinoise technology.

A study by a group at Carnegie-Mellon University found that despite publicity about aircraft noise, 150 million Americans are exposed to excessive traffic noise, compared to only eight million annoyed by airplanes.

#### **Billions a year to cure**

Estimates of abatement costs include a billion dollars a year to insulate new homes and \$3.4 billion a year to quiet clattering machines in industry.

Besides air and surface traffic, annoying noise to the public comes from an almost endless number of powered devices in a society in which tasks are increasingly performed by machines.

The increasingly concentrated population in urban areas is the chief victim of loud sounds. Reverberations between tall buildings intensify the misery. But even in the suburbs ear offenders range from power mowers, chain saws, helicopters, air-conditioners, sirens, motorcycles and mass transit—to the lowly garbage can.

Millions of people could be sub-

jected also to sonic boom, the pressure wave created by planes traveling above the speed of sound. Particularly if the forthcoming supersonic transport fails to reduce speed sufficiently over land.

Sen. A. S. Mike Monroney, chairman of the Senate aviation subcommittee, recently quipped: "I cannot think of anything worse than, say, for a Pan American Airways plane, to overshoot and fly at supersonic speed down the glass canyons of Park Avenue in New York City. Pittsburgh Plate Glass Co. would soon be running Pan American, the damage would be so great."

Congress has just passed legislation giving the head of the Federal Aviation Administration authority to develop noise standards and measurement procedures and to enforce them in certifying aircraft.

This won't mean instant quiet. The battles over how much to reduce engine noise, how to do it and at what cost lie ahead.

#### **When is sound noise?**

The Air Transport Association has pointed to the absence of any clear definition of acceptable noise levels. Research finds that people react differently to noise.



The National Aeronautics and Space Administration is now experimenting with engines. If some noise reduction is achieved, Air Transport Association President Stuart G. Tipton foresees pressure to quiet existing planes. This could cost up to \$800 million for 700 four-engine planes alone.

Airlines have spent \$50 million on engine-noise suppressors research. In recent years, they've laid out more than \$150 million for noise devices. Newest Pratt & Whitney power plants for the giant 747 jet, while four times as powerful as earlier engines, produce no more noise volume.

Leo L. Beranek of the acoustical consulting firm of Bolt Beranek and Newman, Inc. in Cambridge, Mass., reports that technical progress in helicopters "may lead to noise levels that are substantially lower than those presently realized."

As to traffic, David C. Apps, in charge of engineering mechanics at GM's proving ground, declares that buses and trucks are already designed to meet standards which, if enforced, would produce noise of "significantly reduced severity."

Several authorities note that bus and truck noise often stems from faulty maintenance, and drivers who



## THE BOOM NOBODY WANTS *continued*

gut mufflers in the belief that they gain power.

### Price of progress

Mr. Apps cites continuing GM research, including tire noise investigation and urges vigorous enforcement of existing ordinances, insistence on quiet equipment by government agencies and utilities. He concludes there are no great technical barriers to better control of vehicular noise. But such improvements are costly.

However, a GM engineer involved in designing the quiet sanitation truck for New York speculates that greater quiet need not necessarily mean higher cost. He explains that re-examination of equipment from a noise-abatement point of view may lead to efficiencies never before explored.

Citizens for a Quieter City demonstrated a quiet British jackhammer at Lincoln Center, described as less costly than unmuffled American products; and it said a quieter British air compressor, while more costly, was competitive here.

GM has written all its suppliers offering to swap information on quiet-producing technology and says its move was greeted with enthusiasm.

Peter Baade of Carrier Research and Development Co. notes that in the air-conditioning equipment field greater power has not brought more noise.

Elsewhere in industry, Bethlehem Steel arranged with Dover Stamping Co. of Fall River, Mass., to produce a sound-deadened, galvanized steel garbage can to eliminate the early morning clanks.

Utilities are muffling pumping-station engines in newly populated areas and turbines installed to provide peaking power. Baltimore Gas and Electric describes a small step in the field: A signal light on radio-dispatched equipment summons night-shift workmen to their trucks to get messages rather than loud radios shattering the quiet of residential neighborhoods.

The Washington area's planned \$2.5 billion transit system will boast extensive features designed to achieve quiet—gentle track curves to avoid screech, continuous welded rails, sound-absorbing carpet between tracks, rubberized isolation of vehicle components, acoustical treatment of stations. **END**

# MAKE THE MOST OF MEETINGS

How many meetings do you attend?

Chances are that you, like most businessmen, go to dozens of them—or more.

The conference, the convention, the seminar have become part of American business life. Yet many executives do not get full value from the time they invest in them.

Here are 10 ways to make that conference pay off:

1. Decide exactly what you expect to get from the meeting—contacts, information, new business.

Have specific aims in mind that can be tended to.

2. Check with colleagues, superiors and subordinates before you leave.

Each may have an assignment or suggestion helping to expand the scope of your trip.

3. Be sure to register officially and early so that your name appears in the directory. It lets people know you're there and where to find you during the conference.

4. When you make your travel and hotel reservations, plot out a series of time slots. They could coincide with idle periods or breakfast or luncheons. Then phone or write ahead to persons you would like to see and reserve a slot for them.

Don't worry if you seem to have additional time open. That gives you a chance to arrange meetings as you go along and to contact strangers.

5. At working sessions, be sure to make notes on points with which you disagree as well as agree. In participation sessions, be sure to contribute constructive ideas, not just disagree or agree.

You can report something you know from experience.

You can inquire in order to have

WILLIAM R. SEARS, the author, is a managing partner of Sears & Co., San Francisco, Calif., and a veteran marketing and public relations executive. This article is adapted from a copyright paper by Mr. Sears.

someone else help broaden your knowledge.

Direct your remarks to issues, never at individuals.

6. Be sure your contacts beget other contacts.

Meet men from other companies, including competitors, and from other industries.

Seek out men with specialties other than your own. If you're an accountant, meet engineers. If you're a salesman, meet personnel people.

Your own breadth as a manager results from developing yourself in work disciplines other than the one you know best.

7. Renew acquaintances and mend fences.

Set a minimum contact quota—perhaps five or 10 persons with whom a cordial exchange may be all that is necessary.

A man's real riches are measured in the people he knows.

8. Visit the Press Room and take one of each news release. Mail the whole package to yourself immediately.

Many of these stories never get into print because they compete for newspaper space with political events and other local or bigger news. For you, full treatment of the material may be available nowhere else. Back in the office, you can review it or circulate it to people who didn't attend.

9. If a report to your office is desirable, "do it now," even if you only scribble a few sentences.

Conference notes and thoughts cool off very fast after you travel home and are soon blotted out by the problems which piled up in your absence.

10. Write to people whose cards you collected at the conference and to speakers from whom you would like full texts. Often your letter will be moved on to their company's sales, purchasing, traffic or research department and blossom into profitable contacts. **END**



# Every year, thousands of businessmen waste their company's money on (too much or too little) insurance.

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No matter what kind of business you're in, chances are you're carrying several different policies from a number of different companies. Which can hurt you two ways.

One, (too little insurance) there may be gaps in your coverage. Gaps wide enough for you to come through a disaster uninsured. (Which is a disaster in itself.)

Two, (too much insurance) you may be paying for overlapping coverage. It's not at all unusual for two or more different policies to cover some of the same risks. (You wouldn't pay twice for the same piece of equipment. Why pay twice for the same insurance?)

To help you avoid gaps, overlaps and overpaying, we came up with the idea of putting almost every conceivable risk into *one* comprehensive business policy. It can cover just about everything there is to cover. And it can save you up to 25%.

Yet, it's not an "all or nothing" package deal. You can buy only the coverage you need for *your* business which leaves you with the most protection at the least cost.

Now, if you're not the wasteful type, call your Continental agent. Too much or too little is against his religion, too.

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## MAKING THE MOST OF TIME

A conversation with Joakim Lehmkuhl, chairman of U. S. Time Corp., who made Timex a watchword in his industry, tells how he makes every minute count

"Time is the essence of all things. It can be converted into a house built, a field plowed, into work done, money earned. And it can be used for leisure and learning.

"The United States is perhaps the prime example of a time-conscious nation. And it is this consciousness of time that has helped transform this nation from a wilderness into a great power."

The man who set forth these words, Joakim Lehmkuhl, in a sense, knows as much about time as any man on earth. He launched the Timex wristwatch which has revolutionized the world-wide watchmaking industry.

As president and chairman of U. S. Time Corp., Mr. Lehmkuhl, Norwegian born and American educated, is dedicated to the principle that an awareness of time and technological progress go hand in hand.

Mr. Lehmkuhl and his family fled their home in Oslo in 1940 a few

steps ahead of the invading Germans. After a brief stop-over in England the Norwegian industrialist was sent by the Norwegian government-in-exile as part of the allied war effort to organize the Norwegian Shipping office in New York which involved some 2,000 ships.

In 1942, with a group of businessmen, Mr. Lehmkuhl acquired the old Waterbury Clock Co. in Connecticut. For the remainder of the war Waterbury turned out mechanical time fuses for the American and British war machine. After the war U. S. Time Corp. reconverted to the manufacture of watches.

A widespread advertising and publicity campaign caught the public eye. But it took a lot of dunking of Timex watches in water and slamming them against walls. In 16 years Timex grew from nothing to where today it commands 48 per cent of the entire over-the-counter

wristwatch business. At plants here and abroad Timex produces some 60,000 watches and 5,000,000 parts daily.

In the sylvan setting of the headquarters plant in Middlebury, Conn., 72-year-old Joakim Lehmkuhl talked with a NATION'S BUSINESS editor about his role in developing the world's largest-selling watch.

**Mr. Lehmkuhl, you have been described as the Henry Ford of the American watchmaking industry. How did you get into the watch business?**

Well, I had to leave Norway because of the war. I have had connections here for years. But with the war there was a shortage of management people, so I looked for something I could get into. This was in the early 1940's.

I found this company, Waterbury Clock Co., and I got into it. The group I represented bought the ma-



## MAKING THE MOST OF TIME *continued*

majority of shares. Then I became president.

Our progress started by the fact that the British were terribly in need of artillery fuses. Very quickly we became the biggest producer of these fuses in this country.

That was a very good school for good management. We worked day and night, put up this plant in 82 days, and we got a very hard-working group and a very loyal group and we still have them.

So when the war was over, we were very well placed for doing something else.

**It was your first experience in the watch industry?**

I had never seen the inside of a watch before I came here.

We saw the need for a new type of watch.

We figured out that there was a vacuum in the price level between, say, \$8 and \$15, and there was probably a great demand, if somebody would make the right type of watch. So we went ahead and started a somewhat simplified design for production and we went out on the market with it.

We were right; there was a great demand for it, and we got the publicity we needed.

We have now 150,000 outlets, which is quite a number of outlets.

**Mr. Lehmkuhl, how did you happen to come to the United States?**

I went to school, first of all. I have degrees from MIT and Harvard. This was the best place to go. There was no other place with the opportunities.

**You had some exciting experiences at the time the Germans invaded Norway, didn't you?**

It was quite a story. I was in politics in Norway. We had a rather bad, in my opinion, socialistic government. From an economic point of view, it was in deficit all the time. And from a defense point of view, it was very weak.

So I started *Fedrelandslaget* (The Native League). Its purpose was to create a coalition cabinet of three political parties—the farmers, the conservatives, the liberals. The effort was unsuccessful. A principal purpose was to strengthen our defenses. Then the war came.



*Like many other industrialists, Joakim Lehmkuhl depends on time-saving transportation. The 'copter is used to fly U. S. Time executives between the Middlebury, Conn., plant and company offices in midtown Manhattan.*

PHOTO: JAMES FAYE



**Didn't you edit one of the principal anti-Nazi newspapers?**

I did not edit it. I was chairman. We used it as the major publication for Fedrelandslaget.

**What happened when the Germans invaded Norway?**

The King left Oslo and went north, and we followed. It happened at 2:00 o'clock one morning. We got the message that Germans came up the fiord, and the King had left, so we left immediately.

We spent the night on a farm up north and all of a sudden there came the cars with the King and Cabinet. That gave me the opportunity to ask the Prime Minister to give me some credentials. He did. The document said I could get all possible help to escape. With that special paper from the Prime Minister, we moved over the mountains to the west coast and up the coast over the fiords and mountain ranges.

**I understand you and your family traveled by skis.**

Yes, we skied. We had our four children with us. I pulled my five-year-old daughter along with a rope.

We were lucky in getting all kinds of transportation because of this slip of paper from the Prime Minister.

Eventually, we got out to sea on a fishing boat up to a place called Aalesund. At that time, we saw the German ships coming up, and one of the towns behind us was burning.

In the North Sea we twice had German planes over us. First, two fighters came out, didn't touch us and went back. Then a big plane came over and didn't touch us. We never really knew why they didn't sink us. We figured they probably thought that we had Germans on board, you know, German prisoners.

We arrived in the Orkneys and from there I went to New York to organize the shipping office for the Norwegian government.

I didn't know much about shipping, so I got going on finding another place to work.

**It was your management know-how, rather than your knowledge about watches, that you got into the watch business. Right?**

Oh, yes. I didn't know anything about watches.

**After the war, when you got into the watch business, was your concept to make an inexpensive watch?**

Yes, we had to break into a new field.

**What were some of the problems?**

To attack it the right way. We had very good engineers and we started from scratch.

The Swiss watch had been substantially the same for several hundred years. We were in the market with more modern machinery, more modern equipment and materials. We just started from scratch and built up a watch that was different.

**In the beginning they must have characterized this as a young upstart watch.**

Oh, yes. The jewelers weren't excited because it was so low priced. And Swiss and American watchmakers were laughing at the idea. It was no good because a good watch could not be made at the Timex price. Our watch had fewer parts, simpler design. The movements did not look so fancy. It had no high polish where it was of no use. But it did the job.

**How did you begin marketing this new, inexpensive watch?**

First, we had to get distribution before we could go with advertising, and the advertising was based on this test we did. It was called the "torture test." That built the sales up very quickly. In the beginning we had difficulty finding retail outlets. Drugstores carried maybe 80 per cent in the beginning. Now we have 150,000 outlets.

**Is it true that your salesman, to convince people they should buy the watch, would throw them against the wall and dunk them in glasses of water to prove their durability?**

Exactly. And that was what did it.

**You got into television very early after the watch came out.**

Very strong. One famous Timex commercial occurred when the watch got lost in a tank of water.

**Were you watching on TV at the time it happened?**

Yes, and I thought that that was pretty good publicity. It turned out to be.

**How did you convince dealers and the public that a watch selling for less than \$20 could be a quality product?**

Well, the major salesman was really the watch itself, because it worked. And it was talked about. These tests on television and the watches that were thrown around—it all helped. Everybody enjoyed throwing the watches around. It became kind of a game.

**Do you face any risk in moving into higher-price watches?**

No, no. We are already now the largest producers of electric watches at a higher price. That just built up the name for the lower-price watches, too.

**Did you do this because you had established the Timex name before the public?**

No. We went into electrics because we think it's the future.

**What is the potential, as you see it Mr. Lehmkuhl, for electric watches?**

Tremendous. I think that some day they can be bought for \$30 and with very big sales.

**You have said, "I have tried to build an organization where we try to think in minutes not in terms of hours." What does that mean?**

We have a very tight management group.

We are so close together that we can meet any time and make final decisions. It goes straight into action, you see. There are no committees.

**This is unusual, isn't it?**

I hear it's very unusual, but it works very fast.

**You don't like committees?**

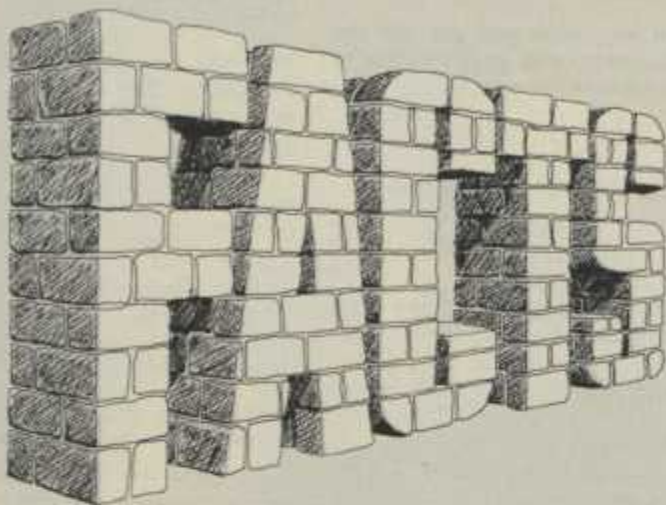
No, we don't like committees.

**You seem to make great use of memos. I understand that on all the memo pads you have an admonition, "Use telegram style." Is that true?**

"Use cable style." We don't want to have a lot of talk and a lot of words and a lot of paper. So in our meetings we get in as few people as



## FACTS ARE



but they can often be flavored, seasoned, or shaded to suit a taste or a point of view. Most people prefer the plain facts because they'd rather make up their own minds. Such people—businessmen and professional men whose daily operations often depend on knowing the latest developments in their field—have come to rely heavily on their trade and professional organizations.

They know they can get more facts—*straight* facts as well as specialized information, market research, management services, and a host of other expert advice—from their association than from any other source.

If you're looking for accurate information to keep your business moving ahead, consult the association in your field. The fact is you'll never regret it.

**POINTERS  
FOR PROGRESS**

through trade and professional associations

we can, only the direct people concerned. When we want a bigger group to know what's going on, we have memos going out. These memos should never contain any kind of discussion; only decisions.

**Mr. Lehmkuhl, what do you feel is the most important quality a successful executive should possess?**

I think honesty is a tremendously important quality.

There are some people, as everybody knows, who are trying to mislead without lying. They are trying to distort something to make the other party misunderstand, to get out of trouble, and that can be very expensive. There are also higher up people who want to take the honor of something which should have been given to a fellow below. That, of course, is very bad, so that's something we don't stand for here.

**What do you do with people like that when you detect them?**

They aren't here the next day.

**You pride yourself on being an old-fashioned supporter of free enterprise.**

Yes. This country was built on free enterprise, and if we get the government too deeply into things, the pioneer spirit that built this country is going to die.

**Do you think the free enterprise system is in jeopardy in this country?**

In all Western countries.

**What do you see as a danger threatening free enterprise in America?**

You can't keep a nation going efficiently and you can't keep democracy regenerative if the best man doesn't have a chance to win. Lots of people find it convenient to stop working in periods and let the government keep them with money.

**What do you think of the proposal for a guaranteed annual income?**

It would be the beginning of the end of the greatest nation on earth if it adopted a system that did not reward according to accomplishment.

**You are highly automated here?**

Oh, yes.

**This is where you differ from the Swiss concept of making watches, right?**



# THANK YOU, MR. BUSINESSMAN

It is difficult to mass produce in small plants. To move people in Switzerland to spots where bigger plants could be built is not easy. They have many models. We have few models in big plants and make interchangeable parts throughout.

It is quite obvious that you don't waste words. Wasn't there a story a few years ago about an ad agency you were going to do some business with?

Some years ago we were changing advertising agencies. This agency made two presentations; one based on one series of marketing concepts and the other on another series. When it was concluded, I think the head of the agency then asked, "What do you think, Mr. Lehmkuhl?"

I believe I answered, "I prefer an agency that knows what plan is best."

That was the end of that.

Mr. Lehmkuhl, what about the cable you sent Foreign Minister Krishna Menon when India invaded tiny Goa?

Very simple. They were aggressive and I didn't think we should have any business with them. We were contemplating building a plant in India.

When we heard about India invading Goa, that was enough. We sent a cable. The essence of it was:

We can't do business in a country that goes back on its word and its policies and its commitments and resorts to naked force.

What is the total production of Timex watches today?

It's about 20 million. Which doubled in five years.

Timex, obviously, is making people more time-conscious, even in the underdeveloped countries.

Yes, industrial development is not possible if workers don't learn to think in terms of hours and minutes.

Do you see anything down the road for watchmaking, anything that's revolutionary?

The electric watch is revolutionary in itself. The next thing is probably quartz watches, which might be still more accurate.

Are your research people working in this area?

We are, and many other companies



How can I repay you for all the things you have done for me?

I go into a market and there is an array of goods rivaled nowhere in the world. You can my food and freeze my vegetables; you bake my bread and prepare whole dinners for me, you mash my potatoes and grind my coffee.

I have a job because you saved the capital and took the risk to start a business. If you go broke you have lost everything.

You have given me a machine to wash and dry my clothes, an oven that cleans itself, a refrigerator that defrosts automatically; you even help me do the dishes with a dishwasher.

Ironing, which I hate, you have made easier with "wash and wear" and "permanent press."

Furniture polish, hair spray, enamel paint, perfume and window cleaner are all available in push-button cans.

You've given me vinyl floors that are easy to care for, synthetic carpet fibers that clean in a jiffy and drapes from fiber glass that wash like a dream.

I have an electric toothbrush to clean my teeth better, an electric blanket that warms without weight, an electric can opener that opens every can size, all thanks to you.

I have a power lawn mower that almost does the job itself, a TV I can carry around, hundreds of books and magazines, equipment and gadgets, necessities and conveniences. The list is endless.

I can't begin to repay you for the new drugs and medical instruments that have helped prolong my life. Neither can I repay you for the hours of leisure time you have made possible. No profit is too great.

I know of no finer compliment than to call a man an American businessman and industrialist. It is because of you that the American standard of living is so high. You took the risks, used your intelligence for invention and innovation, built the plants and made the distribution and the price of goods within the reach of everyone.

My debt and the debt of all consumers is immeasurable.

—PATRICIA CARNEY



## MAKING THE MOST OF TIME *continued*

are. We have research laboratories in America, in Germany, in France and in England. We can choose from the best qualified specialists in each country.

We employ people of all races. We employ 18 per cent Negroes and have received an award from the Urban League.

**Swiss exports to the United States are declining while the Japanese exports to the United States are on an increase. Why is this?**

Well, the Japanese are making good watches, have much lower labor rates and are probably as efficient as the Swiss.

**Timex obviously has forced other U. S. manufacturers to come out with a comparably priced watch.**

Ten years ago, the average price of a watch sold in this country was \$55; now it's \$21.

The average price has gone down \$34.

You can imagine what amount that makes when we sell 16 million a year in this country. That saves the consumers about one half billion

dollars. When about everything else has gone up substantially, this is not bad.

**Mr. Lehmkuhl, how do you make decisions?**

We have a small management group consisting of chairman and president, a vice chairman, vice president for production, sales, and economy. Each one discusses the problems in advance within his own group and comes well prepared. I think we must have worked together for more than 20 years—each one of us knows what the other will say before he talks. The meetings are generally short.

If I feel I have to make a decision contrary to the member who will take action, it is made clear that I alone am fully responsible for the consequences.

**Do you have any advice for young men and women entering the business world today?**

Yes. Consider carefully where you go. Growth companies give opportunities.

Drop out—if you feel your group

in college goes too slow and you have to take courses which you feel are a waste of time. And if you need to, make money.

We have excellent men who are dropouts. I believe many of the best men in our country have no college degree—and will not have in the future.

It is very unfortunate that there is a tendency that men without college degrees can be considered as some kind of a second-class citizen.

**What has been the most satisfying experience in your business life?**

That's very simple: To get Timex built up. That's the biggest thing in my life.

The business I did in Norway was small compared with this.

**How do you relax?**

I am not in favor of walking, jogging and running if there are other possibilities. When I do these exercises, I cannot think business, and I do not relax.

I have an apartment in this plant where I spend most of the week. There is a wall where I hit tennis balls. I cannot think business when I do this.

The same with skiing and partly golfing.

**Do you do this almost daily?**

Yes, tennis before work or after work, golf and skiing weekends.

**There are many sayings containing the word "time." Do you have a favorite?**

Yes. "Dost thou love life, then do not squander time, for that is the stuff life is made of."

**How do you apply this saying to your business life?**

Of course, I can't say it as well as Benjamin Franklin. Time is everything. Time is not just money, as some say. If you read a good book, if you have a nice conversation, if you enjoy nature, you don't waste time. But time should be used in a positive way. **END**

**REPRINTS** of "Lessons of Leadership: Part XL—Making the Most of Time" may be obtained from *Nation's Business*, 1615 H St. N.W., Washington, D. C. 20006. Price: 1 to 49 copies, 30 cents each; 50 to 99, 25 cents each; 100 to 999, 15 cents each; 1,000 or more, 12 cents each. Please enclose remittance with order.

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## SOUND OFF TO THE EDITOR

# Is America a sick society?

Violence and crime have soared in an almost nightmarish manner across the nation in the past few years. Riots, burnings, lootings, muggings, burglaries, robberies, assaults and shootings make big, black headlines.

"America is a sick society!" thunder critics, from overseas and here at home.

Are we really sick? Is the entire nation to blame for the acts of a few?

Argument rages over the cause of crime. Are environment and back-

ground and abode the major causes of criminal acts? Is society responsible for the individual? Is the individual responsible to society?

The argument puzzles many, for the majority of this nation's 200 million population lives within the structure of a society governed by law.

"Without law there is no society," is an old axiom. Certainly, rights of the individual must be protected. But what of the majority's rights?

Crime and violence are among the most important domestic political

issues of this election year. No one disputes that violence is increasing or that something must be done about it. Just what to do brings about most of the argument.

Many critics contend that crime and violence are products of our society. They point to wanton acts of assassination of public figures—President John F. Kennedy, Martin Luther King, Robert F. Kennedy—as proof of a "sick society."

Is it? Are we sick? What do you think?

Jack Wooldridge, Editor  
Nation's Business  
1615 H Street, N.W.  
Washington, D.C. 20006

America is a sick society.

☐ Yes ☐ No

Comments: .....

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# NOW YOU'LL NEVER FORGET WHAT'S-HIS-NAME

Here are some proven ways  
to sharpen up your memory



Exercise strengthens memory

To succeed in today's competitive world businessmen need not only skin as tough as an elephant's but memories to match.

Today's executive is called upon to digest a myriad of information. But it does him little good to read all the latest statistical surveys, articles and management reports unless he can remember something about them.

Recently I polled 1,000 top business managers on this point: "How important do you think a good memory is to an executive in your company?" Nearly 80 per cent said it is essential. A good memory, they added, substantially increases the earning capacity of an executive by freeing him from much

*HARRY LORAYNE, author of this article, is a well known authority on memory. He has held special memory training programs for executives at hundreds of business firms, including General Electric Co., Litton Industries, Inc., National Cash Register Co., Ralston Purina Co. and U. S. Steel Corp. He conducts a school of memory in New York City.*



A beautiful naked blonde  
jumps up and down

of the detail work that clutters up the day. They cited these examples:

An executive, or salesman, who has committed his company's entire product line to memory wastes no time looking up items and checking their cost on a price sheet.

A stockbroker who knows all the symbols used on the New York and American stock exchanges saves precious minutes—perhaps hours—every day.

Most of the businessmen polled, 55 per cent, rated their own memories as excellent or above average. They found dates and statistical data easiest to remember.

Two types of information often slipped their memory, they said. One is names and faces, the other written material they have read.

Failure to remember names and faces can be especially embarrassing and costly. You can quickly alienate a valuable client or customer if you fail to recall his name.

Most executives, 85 per cent, said being remembered by a business associate they had met only





DRAWINGS BY CHARLES A. BORN

casually left a lasting impression on them. The executives polled had the most difficulty memorizing product lines, account names, stock tables, price lists, texts of speeches, written reports, names and faces of clients, and numbers of all kinds—phone numbers, sales figures, product numbers, contract terms.

Fortunately memory is not necessarily a God-given gift. It can be an acquired skill.

There are several tested techniques to improve your memory. One of the most useful to help recall names and faces is the "peg" system. It goes back many centuries.

Hundreds of years before Christ, a Greek named Simonides hit on it. He astounded his contemporaries with his feats of memory, including remembering the names of 40 guests at a private dinner he had attended.

Before the meal was completed, he was called away. After he left the house collapsed killing everyone in it. The bodies were so badly disfigured that identification was impossible until Simonides came forward and gave the name and seating position of

everyone around the dinner table. He explained how he was able to remember them all even though he'd met them only casually. He associated each seat around the table with a room in his house, he said, and memorized the name by connecting it to the room.

Using Simonides' peg system, you remember new information by associating it with a familiar object or event to establish a memory link or peg.

Another highly useful device to memorize figures dates back several centuries. In the Seventeenth Century, a German philosopher devised a way to substitute letters for numbers to simplify memorizing multidigit figures.

This technique was popularized in the early 1900's by several memory experts. One was Barnard Zufall, then a General Electric Co. executive. He pioneered in the development of modern memory systems and conducted classes for businessmen and laymen.

With practice, you can vastly improve your power to remember, for example, names and faces. In the first place, most people don't forget names. They simply never heard them at all. Someone is introduced to you at a business luncheon or cocktail party and the introducer mumbles his name. You shake hands, smile, converse and then go your way. The next time you meet this person it is impossible for you to remember his name because you really never knew it.

Even without a memory system you can increase your ability to remember names and faces by at least 25 per cent if you follow these five basic rules:

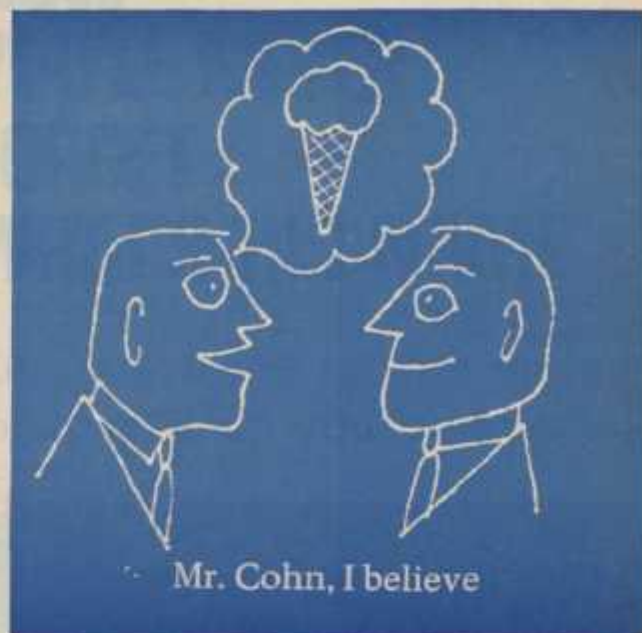
1. Be sure you hear the name. Ask to have it repeated if you're not sure you've heard it correctly.
2. After you've heard a person's name, try to spell it.
3. If the name is odd, mention this fact aloud.
4. Use the name in conversation.
5. Be sure to use the name again when you say goodbye.

If you want to improve your ability to remember names even further, I suggest you use this picture association system. At your first encounter with a person use the first "picture thought" that comes to mind and then place that picture into a ridiculous, weird and impossible situation on that person's face.

Here are a few examples.

Starting off with a famous name is no real test





since we all remember names that are constantly before us. However, this will give you a simple example of how the system works. If you wished to remember the name Nelson Rockefeller you would visualize a man applying a half-nelson while sitting in a rocking chair (Nelson Rocking Feller or Nelson Rockefeller).

Suppose you want to remember the name of Antosiewicz and he has a high forehead. Visualize savages that you're against ("antisavage") coming at you with spears from out of that forehead.

Or a Mr. Cohen who has a cleft in his chin. Imagine thousands of ice cream cones falling out of that cleft.

If Mr. Bentavagnia had a tremendous nose, make a mental picture of that nose being a bent weather vane (Bent vane, or Bentavagnia).

The important thing here is that in just trying to apply this system, you are forced to become "originally aware" of the person's name and his face.

And all memory is really based on this original awareness.

To remember numbers, statistical data, stock quotations or any other similar data, try this system.

Abstract ideas, like numbers, are the most difficult thing in the world to remember. Let me illustrate my point. Concentrate on this 20-digit number for one minute—91852719521639092112.

Now look at, and concentrate on, this sentence for the same amount of time—A beautiful, naked blonde jumps up and down. This seems easier to remember.

But it is easy to convert those elusive 20 digits into such an unforgettable sentence. There are only ten symbols in our numerical system: 1, 2, 3, 4, 5, 6, 7, 8, 9, 0. Keeping this in mind, it's easy to give each digit a sound, and vice versa. If you always couple the number and sound in your mind,

the sound will always represent the digit, and the digit will always represent the sound.

If a person studies the 10 phonetic sounds in combination with the corresponding number chart—and my little memory aid for each one—for 10 minutes, he should never have any problem remembering numbers again.

#### SOUND AND NUMBER CHART

1 = T (or D)	Typewritten "t" has one downstroke.
2 = N	Typewritten "n" has two downstrokes.
3 = M	Typewritten "m" has three downstrokes. Or, the letter, m, on its side looks like a 3.
4 = R	The word "four" ends in the sound R. The Roman numeral for 50 is L.
5 = L	Capital "J" is almost a mirror image of a 6.
6 = J (or SH, CH, soft G)	Capital "K" can be formed with two sevens.
7 = K (or hard C, hard G)	Handwritten "f" looks like an 8 because each has two loops, one above the other.
8 = F (or V)	The letter "p" is the mirror image of 9.
9 = P (or B)	The first sound in the word, zero, is z.
0 = Z (or S, soft C)	

Vowels and W, H, and Y have no value. Double letters are the same sound as single letters.

Now to get back to our 20-digit number and bouncing blonde. I doubt if you can remember the number you looked at. But I'm sure you still re-



member—"A beautiful naked blonde jumps up and down." If you will transpose all the consonant sounds in that sentence into numbers according to the sound chart you will have memorized a 20-digit number.

**A BEAUTIFUL NAKED BLONDE JUMPS UP AND DOWN.**  
9 1 8 5 2 7 1 9 5 2 1 6 3 9 0 9  
2 1 1 2

Don'ts as well as do's are important for executives who want to increase their memory power.

1. Don't rely on a pencil and paper to do your memory work for you. When we write information that we want to remember, most of us bypass the memory completely. We take the information from the source and put it on the paper without ever impressing it on our mind. A piece of paper can be lost. The mind cannot.
2. Don't blame a lack of ability to remember things on a bad memory. There is no such thing. Chances are when you say "I forgot," you really mean "I didn't remember in the first place."
3. Don't let your memory muscle atrophy. Most of us are born with the same capacity of memory. If

we use our memory it becomes stronger, but unlike any muscle it cannot become overexercised.

Without special training a normal adult should be able to remember a six-digit number backwards and forwards after studying it for 30 seconds. An adult of superior intelligence can do the same with an eight-digit number in perhaps 45 seconds. The genius is able to memorize a 12-digit figure in 60 to 90 seconds.

With training, however, the normal adult can remember 30-digit numbers backwards and forwards after looking at them for a few minutes and can retain the number for as long as he likes.

We have been teaching executives how to speed-read the mountains of written material that crosses their desks. Now we must teach them how to remember what they read. **END**

**REPRINTS** of "Now You'll Never Forget What's-his-name" may be obtained from *Nation's Business*, 1615 H St. N. W., Washington, D. C. 20006. Price: 1 to 49 copies, 30 cents each; 50 to 99, 25 cents each; 100 to 999, 15 cents each; 1,000 or more, 12 cents each. Please enclose remittance with order.

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# **EVEN THE HAVE-NOTS HAVE**

Everyone sympathizes with the needs of the nation's destitute. Certainly we've heard plenty from the politicians about the plight of the poor.

Washington says 12 per cent of America's families still live in poverty.

However, other statistics show that only 10 per cent of America's families are without vacuum cleaners and only 3 per cent don't have television sets.

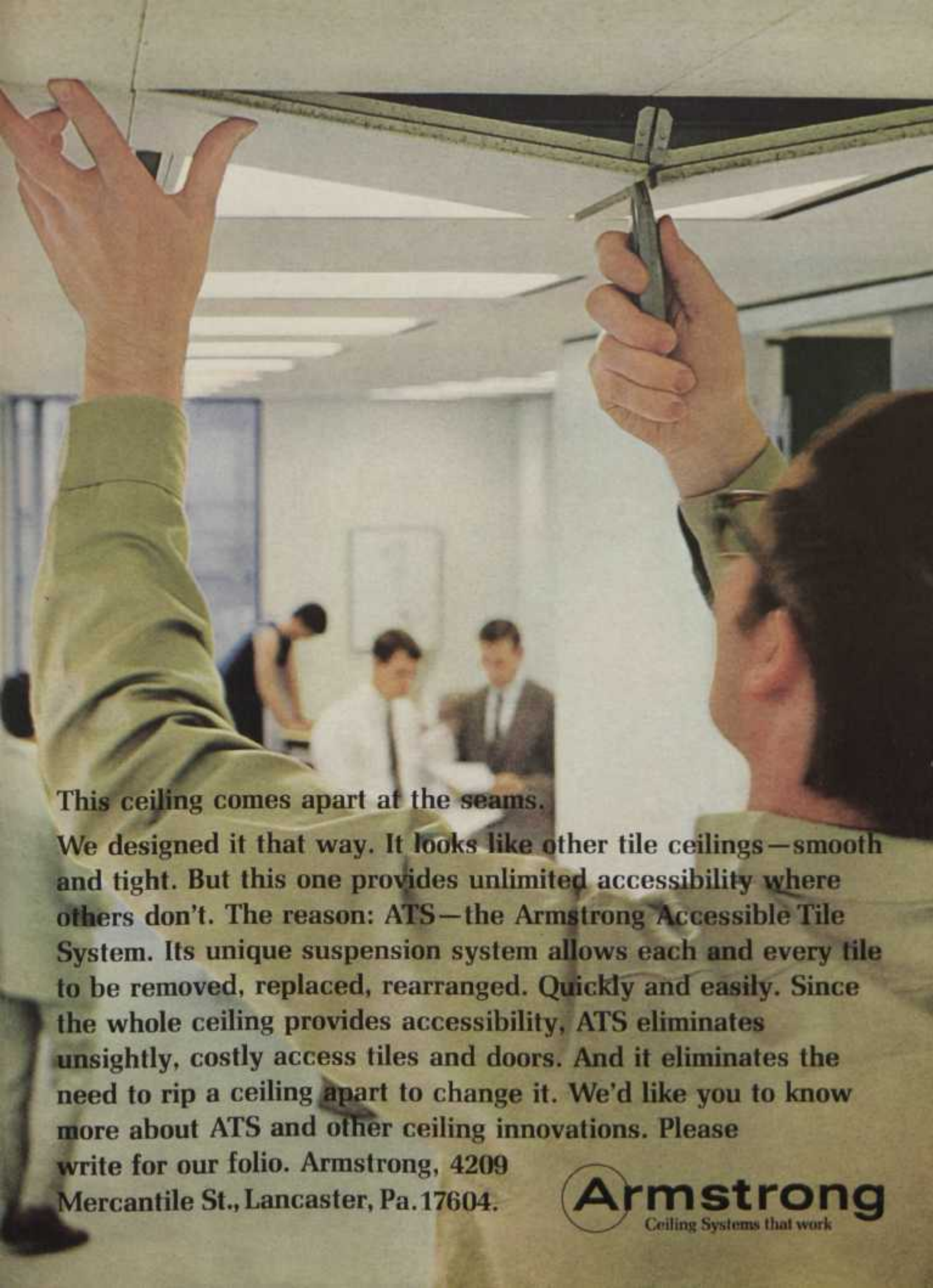
Moreover, a Census Bureau survey of buying by low-income families shows that among the young poor, supposedly trapped in poverty, more than half bought cars in a year.

It all makes you wonder whether it's a case of figures lying or liars figuring.

**Nation's Business • September 1968**

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